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Allianz Research

Surprising relief

Allianz Global Wealth Report 2024

Executive Summary



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Surprising relief

Against the backdrop of resilient economies and booming markets despite monetary tightening, global financial assets of private households recorded strong growth in 2023: With an increase of +7.6%, the losses of the previous year (-3.5%) were more than made up for. Overall, total financial assets amounted to EUR239trn at the end of 2023. But growth in the three major asset classes was quite uneven. Securities (+11.0%) and insurance/pensions (+6.2%) benefited from the stock market boom and higher rates, growing significantly faster than the average of the last ten years. In contrast, growth in bank deposits fell to +4.6% after the pandemic-related boom years, recording one of the lowest increases in the last 20 years..

No place for bank deposits

In 2023, the normalization of fresh savings continued after the pandemic-related boom years of forced savings: They fell by -19.3% to EUR3.0trn. The movement in stocks is echoed by the shifts in financial asset flows as this decline was almost exclusively attributable to bank deposits. On balance, banks worldwide only received EUR19bn, a slump of -97.7%. The main culprit: US households who liquidated deposits worth EUR650bn. The other two asset classes, on the other hand, remained popular with savers. Inflows into securities even increased once again – by +10.0% – from their record level of the previous year. However, there was a notable change of favorites within this asset class: While shares were sold on balance in many markets, savers made strong gains in bonds, thanks to the turnaround in interest rates. This led to an +84.3% increase in securities purchases in Western Europe, for example. European savers have never been more fond of capital market products. Finally, insurance/pensions proved to be relatively robust, with the decline in fresh savings worldwide amounting to just -4.9%.

The Atlantic divide

Savings behavior is a decisive factor for asset growth. There are basically two sources of growth in financial assets: savings efforts and price increases (increase in value). Over the last 20 years, increases in the value of portfolios in the US – with its strong savings bias towards capital markets – have contributed an average of 62.4% to annual growth; in Western Europe, this figure is 34.2% (in Germany, growth over the long term is driven almost exclusively by savings efforts). This significant difference certainly contributes to the Atlantic divide in long-term growth in financial assets: While financial assets in Western Europe have doubled in the last two decades (+104%), the increase in the US is a whopping +178%, also bolstered by more favorable market developments.

Golden boys and girls

Market developments are also the main reason for the huge differences in financial assets between the generations. The baby boomers are likely to be the richest generation that has ever lived, at least in the advanced economies. Assuming the same stylized savings behavior for the four generations of Baby Boomers, Gen X, Millennials and Gen Z and extrapolating market trends, none of the following generations can keep up with the Baby Boomers: In Germany, for example, they achieved total savings of just under 614% of disposable income with an average nominal return of 6.1% per year. The big losers are the Millennials – shortly after they began to accumulate wealth, crisis followed crisis, resulting in an annual return of just 3.1%. Members of Gen Z, however, have a good chance to outperform all their predecessors – if they align their savings behavior to the new realities (and are spared by mega crises).

Broad-based recovery

In contrast to 2022, in which financial assets shrank in many markets and regions – and also worldwide – the recovery in 2023 was broad-based. In fact, only two countries – New Zealand and Thailand – recorded negative growth rates last year. Moreover, growth was relatively uniform across all regions, not least in Asia and North America, which both grew by over +8% – with the US (+8.6%) growing even more strongly than China (+8.2%). Only Western Europe (+5.0%), where the UK's weak performance (+1.5%) dampened growth, and Eastern Europe (+18.0%), where hyperinflation in Türkiye led to high (nominal) growth rates, were somewhat out of line.

There is only one China

The long-term development over the last 20 years naturally shows greater differences, with the catch-up effects of the emerging economies taking full effect: China, Latin America and Eastern Europe are achieving double-digit growth rates per year, while Japan is only growing at +2% and Western Europe at just under +4%. However, adjusting for population growth and inflation more than halves global growth, from +6.0% to +2.5%. Inflation is driving a large wedge between nominal and real growth rates particularly in Eastern Europe and Latin America. Only two markets escape this development: Japan and China. Although real growth is lower here too, the discrepancy is not very large. Per capita assets in Japan have actually grown slightly faster in real terms than in Western Europe over the last 20 years. And the gap between China and the rest of the world becomes huge in real terms: the growth advantage over the rest of the world is almost 10pps per year. In fact, the purchasing power of average per capita financial assets in China has increased tenfold in just 20 years.

Three lost years

Inflation has only become really painful in recent years. At the end of 2023, real financial assets worldwide were only at the level of 2020 – the last three years were lost years for savers worldwide. Compared to the pre-coronavirus year 2019, however, there was still an increase of +9.1%. Regional differences are large. While Asia grew in real terms over all the years – thanks to relatively low inflation rates – and real financial assets were 26.3% higher at the end of

2023 than in 2019, the trend in Western Europe was diametrically opposed: real financial assets have shrunk in recent years and are now 4.3% lower than in 2019. European households suffered four lost years. The trend in North America was not quite as bad: although it is still below the 2020 figure, the increase compared to 2019 was 6.0%.

The new reality of a fragmenting world

In one respect, 2023 represented a return to the new reality of a fragmenting world: The growth advantage of the emerging economies over the advanced economies has shrunk significantly again, amounting to just 2pps last year. Until 2017, the year in which the trade disputes between the US and China broke out under President Trump, there was still a growth gap of 10pps or more between these groups of countries. In 2022, this growth gap widened again, triggered by the market turbulence caused by the interest rate turnaround, which mainly affected the US and Western Europe. As expected, however, this return of the gap appears to have been just a blip..

US at the top

The fact that emerging economies have largely lost their growth lead in six of the last seven years is primarily due to developments in the US. During this period, the financial assets of US households not only grew twice as fast as those in Western Europe, but also faster than the global average and roughly on a par with Chinese financial assets. The consequence of this performance is reflected in the regional distribution of global financial assets: North America's share has barely changed in the last 20 years; almost half of all financial assets worldwide are held by households in North America. This supremacy is also reflected in the per capita financial assets, at least when looking at the averages: in fact, only the Swiss (EUR382,910) are still richer than the US Americans (EUR 314,930). All other countries follow at a fair distance. Adjusted by liabilities, however, the US overtakes Switzerland (EUR260,320 vs EUR255,440).

Moderate growth ahead

The (so far) positive trend on the stock markets and resilient economies should lift financial assets in 2024. Assuming stable savings efforts, we expect global financial assets to grow by +6.5% in 2024. However, the medium-term outlook is overshadowed by uncertainties about the two megatrends of AI and sustainability. The potential of AI is undisputed, but it will probably be years before the AI boom reaches the entire economy and leads to productivity increases across the board. Disillusionment after the initial euphoria is already noticeable. Similarly, the necessity of the green transformation is not disputed. But the difficulties in terms of costs, technology and regulation are being perceived more strongly again. The green boom in the economy and stock markets is still a long time coming – but with the right (political) framework set, it is still possible. This brings the biggest problem into focus: political uncertainty, be it on a national level with the rise of extreme parties or on an international level with several geopolitical crises and increasing fragmentation. Against this background, only modest growth in global financial assets of +4-5% can be expected over the next few years – albeit with high volatility: the economy and markets are likely to oscillate between fear of crisis and euphoria about change.

Debt stability

The rise in interest rates had a clear impact on the liabilities side of private households' balance sheets in 2023: Growth in private debt weakened further to +4.1% worldwide, the lowest growth in nine years. Overall, the global liabilities of private households amounted to EUR56.8trn at the end of 2023. The decline in debt growth was observed in almost all regions in 2023. It was particularly pronounced in Western Europe and North America, where growth more than halved to +1.1% and +2.9%, respectively. As nominal growth in global economic activity remained elevated by inflation, the global debt ratio (liabilities as a percentage of GDP) fell for the third year in a row, dropping by 1.5pps to 65.4%. This was also more than 3pps lower than in 2003.

Debt outgrows financial assets in most emerging economies

Relatively strong growth in assets and relatively weak growth in liabilities led to a significant increase of +8.8% in net financial assets (financial assets less liabilities) in 2023. Overall, global net financial assets amounted to EUR182trn at the end of 2023; this represents an increase of almost EUR15trn compared to the previous year and is also EUR4trn above the previous record value from 2021. The development in the individual regions was almost synchronized: strong growth was achieved everywhere, even in Japan (+6.2%). Comparing the development of gross and net financial assets reveals a clear pattern: In most emerging economies, net financial assets have grown significantly slower than gross financial assets; in China, for example, the gap amounted to 1.5pps per year. This growth gap implies that, on average, debt has grown faster than assets in these countries. In the advanced economies, the opposite is true: debt is growing more slowly and net financial assets are therefore growing faster than gross financial assets.

Setback in real estate

In contrast to financial assets, real estate assets developed weakly in 2023: at 1.8%, the lowest growth in 10 years was recorded. There is no need to speculate on the reasons for this: high construction costs and interest rates dampened demand for houses. Overall, real estate assets in the countries considered here amounted to EUR 140trn. Quite surprisingly, the value of real estate is more than 40% lower than financial assets in Japan and North America. Furthermore, the real growth rates of real estate have lagged in most markets behind those of financial assets; in North America, for example, the annual gap was almost 1 pp over the last two decades, reflecting the fact that long-run capital gains for real estate are lower than those for equities.

The invisible value destroyer: transition risk

Although natural catastrophes are much more visible, the long-term impact of climate change on housing prices comes mainly through transition risk i.e. the energy consumption of buildings, particularly for heating. Projections of the House Price Index (HPI) in the UK under different climate scenarios up to 2050 show declines between -9.3% and -13.1%. For Germany, cumulative HPI declines could be as high as -24.5%. This would imply per capita losses of EUR32,380. Applied to all markets under consideration, home-owners could face losses of up to EUR30trn. In the future, housing prices are set to be defined both by location and energy efficiency.

Global wealth distribution: Waiting until 2100

The concentration of financial assets on a global scale remains extremely high. The richest 10% of the world's population – around 570mn people with an average net financial assets of around EUR273,850 – together owned 85.7% of total net financial assets in 2023. At least the share has fallen over time: two decades ago, it stood at 91.9%. But it is still much higher than at the national level where the unweighted average of all countries was 61.1%. At the pace of progress over the last two decades, it would take another 78 years to reach a “normal” – i.e. comparable to the situation within countries – wealth concentration at the global level.

Getting a seat at the table

However, the picture of global wealth distribution brightens somewhat if we look not only at the richest 10%, but also at the development in the middle. The number of the members of the global middle wealth class has risen sharply by +78% to around 850mn over the past two decades. In this process, the share of emerging economies has climbed from 43% to almost two-thirds. One in three members of this class now comes from China and one in four from the rest of Asia. The increasing participation of poorer countries in global prosperity is reflected even more clearly in the composition of the global high wealth class: last year, the share of emerging economies amounted to 34%; 20 years ago, these countries had virtually no presence in this class, with a share of 1%.

The rich are getting richer – but the poor not getting poorer

At first glance, wealth concentration at national level has hardly changed: in 2003, the richest decile's share of net financial assets was 60.6% (unweighted average); 20 years later it was 61.1% – an increase of 0.5pps. Unspectacular. However, this conceals major changes in the individual countries, ranging from a minus of 7.4pps to a plus of 16.4pps, with more countries seeing a rising share than a falling one. The sharpest rise was recorded in China, reflecting the challenge of reconciling the unleashing of growth forces with fair distribution. However, despite rising wealth concentrations in many countries, the middle class has remained stable in terms of numbers in the vast majority of countries. The rich are getting richer, but this is not accompanied by a crumbling of the middle; there is no evidence of a social decline of broad sections of the population in the wealth data of recent years..

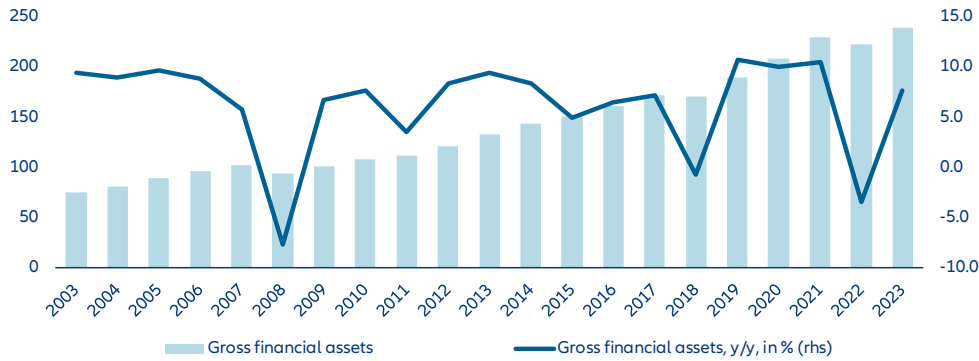


Financial assets: Surprising relief

In economic terms, 2023 turned out differently than many expected. On the one hand, the expected recession did not materialize in the US – primarily thanks to US consumers' propensity to spend. On the other hand, the recovery of the Chinese economy after the long phase of Covid-19 lockdowns proved to be short-lived, with the ongoing problems in the real estate market dampened sentiment. At the same time, the financial markets recovered strongly – despite interest rate hikes by the central banks of 100bps in the US, and 200bps in Europe. In the end it was not the interest rate hikes that were decisive for markets but the question of when the interest rate turnaround would end. In fact, the US and European central banks carried out their last interest rate hikes for the time being in July and September 2023, respectively. This and the expectation of future interest rate cuts led to great optimism on the stock markets: US equities (S&P 500) achieved a strong gain of +24% and even German equities (DAX) rose by +20% – despite the shrinking economy. At the same time, government bond yields fell (Europe) or remained virtually unchanged (US).

Against this backdrop, the global financial assets of private households also recorded significant growth: With an increase of +7.6%, the losses of the previous year (-3.5%) were more than made up for. Overall, total financial assets amounted to EUR239trn at the end of 2023 (Figure 1). While this exceeded the record set in 2021, financial assets relative to economic activity (financial assets as a percentage of GDP) were still significantly lower at 275% (2021: 307%). This reflects the high price increases of recent years, which inflated nominal GDP.

Figure 1: Surprising relief
Gross financial assets, in 2023 trn EUR and annual change in %

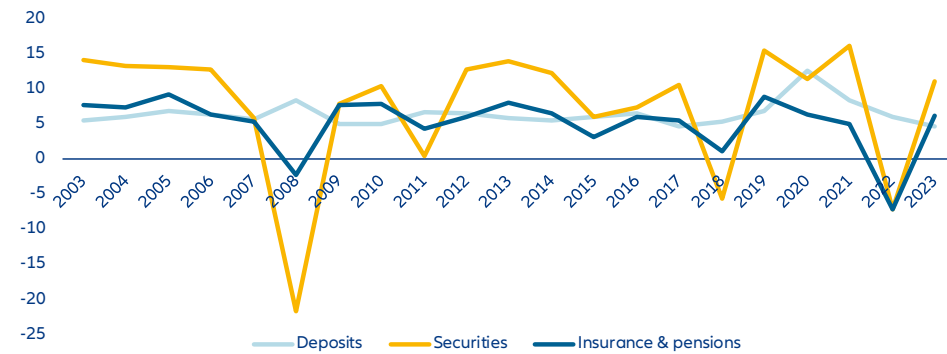


Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research

Growth in the three major asset classes – bank deposits, securities (including investment funds) and insurance policies/pensions – was quite uneven (Figure 2). Securities (+11.0%) and insurance/pensions (+6.2%) benefited from the stock market boom and the decline in long-term interest rates, growing significantly faster than the average

of the last ten years. In contrast, growth in bank deposits fell to +4.6% after the pandemic-related boom years, recording one of the lowest increases in the last 20 years. This was mainly due to US households, which liquidated bank deposits on a large scale, one reason for resilient US consumption.

Figure 2: Securities and insurance/pensions recover
Development of financial assets by asset class, annual change in %



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research

Huge differences in portfolio structures

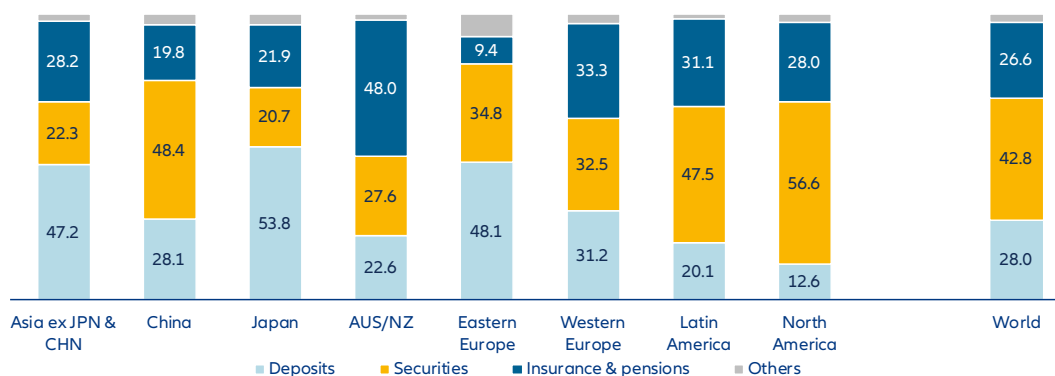
Globally, securities are by far the most important asset class. They accounted for 42.8% of global financial assets in 2023. This share is only slightly below the record year 2021 (43.2%), but still above the figure before the global financial crisis (2007: 41.0%), for example. Over the last two decades, the importance of shares, investment funds and other securities has risen continuously, despite some setbacks on the stock markets: overall, the portfolio share increased by 6pps.

Conversely, the share of insurance/pensions has fallen by 6pps to 26.6% over the same period, although this is partly due to the fall in value in the wake of the interest rate turnaround. Nevertheless, the fact that insurance/pensions – the preferred savings vehicle for financial provision for old age – are losing importance in rapidly ageing societies is rather worrying. As a result, bank deposits were the more popular savings vehicle in 2023 (as in 2022) with a share of 28.0%. In all other years, however, insurance/pensions were more important, at times with a lead of

7pps over bank deposits. Only the turnaround in interest rates reversed the situation. The share of bank deposits remained relatively stable over the long term, with an increase of 1.8pps compared to 2003 (at the expense of the category “others”).

However, the differences between countries and regions are very large (Figure 3). Insurance/pensions, for example, hardly play a role in Eastern Europe but they are the dominant asset class in Australia and – albeit narrowly – in Western Europe. The same can be said of bank deposits: while they play only a minor role in America (North and South), they are the most popular savings vehicle in Eastern Europe and Asia – with the exception of China, where wealth management products are very popular. Americans, on the other hand, rely mainly on securities, especially shares and investment funds. These different portfolio structures once again demonstrate the strong divergence in savings behavior worldwide.

Figure 3: Huge differences in portfolio structures
Gross financial assets, by asset class in 2023 EUR, in % of total gross financial assets



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research

No place for bank deposits

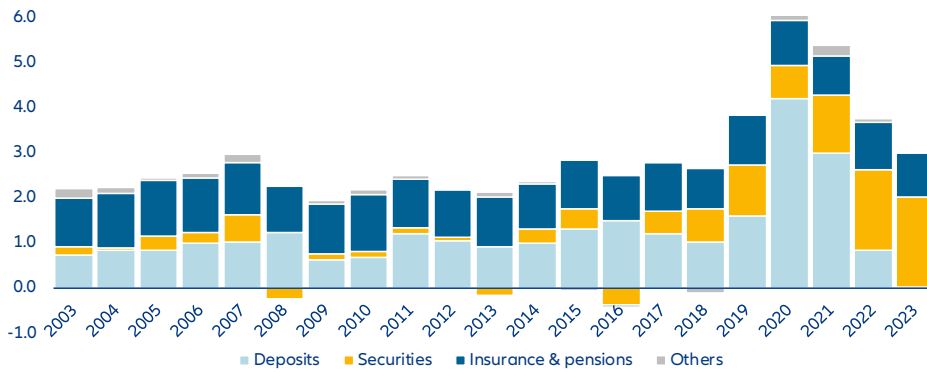
In 2023, the normalization of savings continued after the pandemic-related boom years of forced savings. Last year, they fell by 19.3% to EUR3.0trn (Figures 4 and 5). This means that (adjusted for inflation) they were roughly back at the level of the years before the pandemic. This decline is almost exclusively attributable to bank deposits: On balance, banks worldwide only received EUR19 bn, a slump of -97.7%, which – as already mentioned – is primarily due to US households: they liquidated deposits worth EUR650 bn. However, it was not only the Americans, but also Italian, Belgian and Spanish households that shifted funds and withdrew deposits from banks on balance. Only Japanese households remained loyal to their banks: At EUR101bn, Japanese bank deposits increased more than in any other country, closely followed by South Korean (EUR95bn) and German deposits (EUR92bn).

The other two asset classes, on the other hand, remained popular with savers. Inflows into securities even increased once again – from their record level of the previous year

– by +10.0%. However, there was a notable change of favorites within this asset class: While shares were sold in many markets after the miserable performance in 2022, savers made strong gains in bonds, thanks to the turnaround in interest rates. This led, for example, to an +84.3% increase in securities purchases in Western Europe – European savers have never been more fond of securities, especially Italian savers, who rediscovered their old love of government bonds.

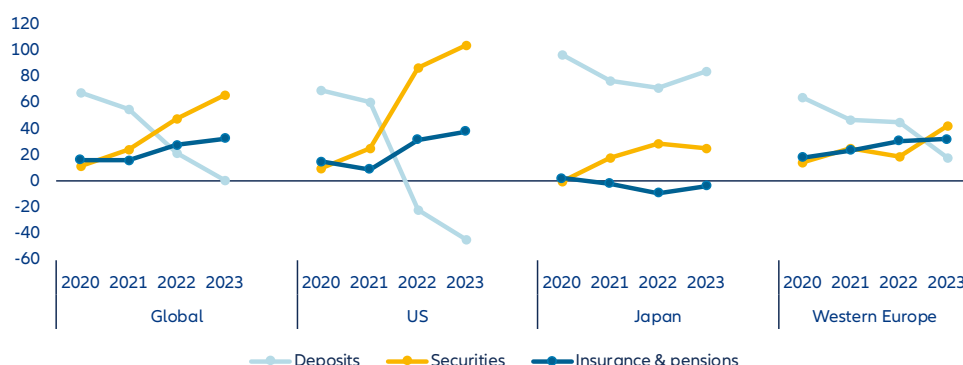
Finally, insurance/pensions proved to be relatively robust in the difficult environment of the interest rate turnaround, with the decline in fresh savings worldwide amounting to just -4.9%. This was mainly due to the stability of cash inflows in the US. In Western Europe, on the other hand, the decline was more than twice as steep at -13.7%; households in the Eurozone in particular turned their backs on insurance/pensions and invested less than EUR100bn a year in this asset class for the first time.

Figure 4: No place for bank deposits I
Flow of funds by asset class, in 2023 EUR trn



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

Figure 5: No place for bank deposits II
Flows by asset class and regions, in 2023 EUR, as % of total flows



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research

Savings behavior is a decisive factor for asset growth. This becomes clear when the composition of asset growth is analyzed in more detail. There are basically two sources of growth in financial assets: savings efforts and price increases (increase in value). Over the last 20 years, increases in the value of portfolios in the US have contributed an average of 62.4% to annual growth; in Western Europe, this figure is 34.2% (in Germany, growth over the long term is driven almost exclusively by savings). This significant difference certainly contributes to the fact that long-term growth in financial assets is significantly higher on the other side of the pond: While financial

assets in Western Europe have doubled in the last two decades (+104%), the increase in the US is a whopping +178%. However, it is not only savings behavior but also general market movements that play a role – again to the advantage of US households, who benefit from the strong US stock markets. Above all, however, the market environment is also reflected in the differences in financial assets between the generations. The Baby Boomers are therefore likely to be the richest generation that has ever lived, at least in the advanced economies (see box).

Are Baby Boomers the wealthiest generation that ever lived?

Baby boomers, generally defined as those born between 1946 and 1964, are often considered the wealthiest generation in history. A unique historical situation – strong economic growth, affordable housing markets and booming equity markets – allowed them to build-up a handsome fortune.

Let's take a closer look at the accumulation of their financial wealth. We simulate the life savings of two exemplary members of this generation, Sabine from Germany and Mary from the US, both born in 1960. In our analysis we assume an average equity ratio of 45%, an annual savings rate of 10% and a savings phase of 40 years, starting at the age of 20¹. Under these assumptions Sabine achieved an average nominal return of 6.1% per year resulting in total savings of 614% of her disposable income at 60. This is already quite impressive, but is even significantly below Mary's performance: Thanks to an equity risk premium around twice as high as in Germany, she generated lifetime savings of over 850% of her disposable income with a return of 9.1%.

What's in store for the generations X to Z?

All savers of the following generations are still in the process of building up their savings², like our exemplary members of Gen X (born between 1965 and 1980), Michael from Germany and Christopher from the US, both born in 1974. Although they still benefited from the flourishing 1990s, our calculations suggest they will end up with an average annual return of 3.8% and 6.7%, respectively, resulting in total savings of 417% and 606% of their disposable income. This is well below the level of the Baby Boomers, but they still fared better than the Millennials (born between 1981 and 1996).

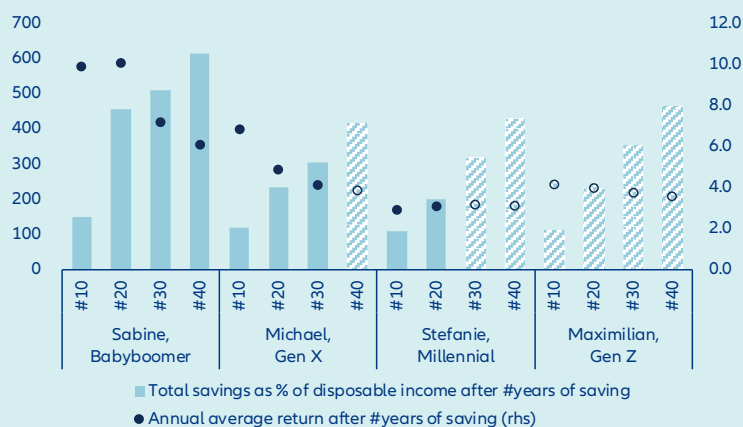
¹ For further details on the assumptions and calculation method please see [2024-04-11-Savers-Eurozone.pdf \(allianz.com\)](#).

² Therefore, we have to build assumptions on income and market developments for the next decades. To keep things simple, we basically extrapolate past trends, ensuring comparability. It goes without saying, that radical different assumptions, say, AI turbo-charged income growth or anemic equity markets due to global fragmentation, would alter the results. For different scenarios see below.

This generation has had a rougher ride. Just as they were beginning to save, they were hit by one crisis after another. Against this background, our exemplary German Millennial, Stefanie, born in 1984, had a doubly difficult start: Her average disposable income grew at a disappointing +1.8% per annum over the first decade of her savings phase (against the long-term average of +2.7%). This was compounded by the weak equity performance due to the global financial crisis. With the beginning of the second decade, she slipped into the phase of low or zero interest rates. We expect her average return after 40 years to be only 3.1% – roughly half of what our Baby Boomer Sabine raked in. For our American Millennial Ashley, on the other hand, the difference in returns compared to Baby Boomer Mary is smaller, but still significant (6.5% vs 9.1%). Stefanie’s total life savings will sum up to just over 430% compared with 614% for her parents’ generation. According to our calculations, Ashley is likely to achieve savings of just under 670% of her disposable income compared with around 850% for our Baby Boomer Mary.

Gen Z (born between 1997 and 2012) shares the same fate as Gen X and the Millennials: Even with the same savings behavior, no generation can match the wealth accumulation enjoyed by the Baby Boomers (Figure 6.1). Maximilian, a member of Gen Z in Germany and born in 2004, achieves total savings of 464% of his disposable income in 2063. This result is better than Michael’s (+47pps) and Stefanie’s (+33pps), but significantly worse than Sabine’s (-150pps). In terms of average total return, at 3.6% per year Maximilian ends up between Michael (3.8%) and Stefanie (3.1%), but also well below Sabine (6.1%).

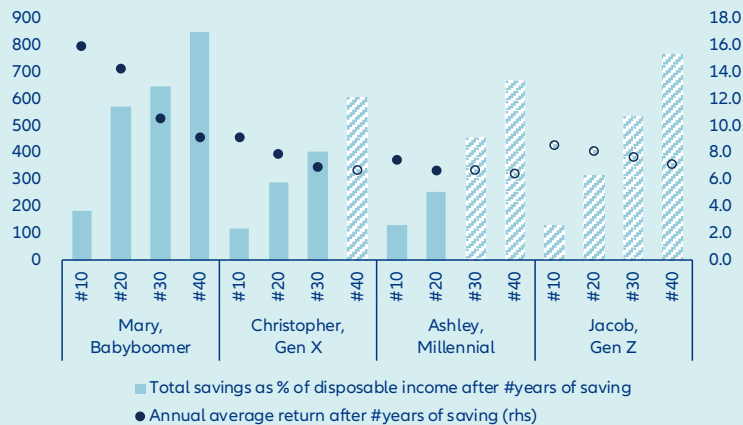
Figure 6.1: The older the better I
Germany: Total savings as % of disposable income and nominal return by generation, average in %



Sources: Deutsche Bundesbank, Destatis, LSEG Datastream, Allianz Research

The results are similar for our American Gen Z member Jacob (Figure 6.2): Jacob’s total savings are expected to amount to 766% of his disposable income in 2063. This result surpasses Christopher’s by 159pps and Ashley’s by 96pps, yet it falls significantly short of Mary’s by 86pps. Regarding the average total return, Jacob achieves 7.2% per year, outperforming Christopher’s 6.7% and Ashley’s 6.5%, but still trails behind Mary’s 9.1%.

Figure 6.2: The older the better II
 US: Total savings as % of disposable income and nominal return by generation, average in %



Sources: Federal Reserve, LSEG Datastream, Allianz Research

The die is not yet cast

Gen X, Millennials and Gen Z are still in the process of building up their financial wealth and, to a certain extent, savers are able to maximize their life savings. On the one hand, they can increase their savings efforts, i.e. their annual savings rate, and on the other hand, they can invest a larger portfolio share in riskier but higher-yielding asset classes. Of course, macroeconomic factors such as the interest rate environment or the level of the risk premium are beyond their control. Nor can they fully determine the level or growth of their income.

We look at four different scenarios to see how they can adapt their savings behavior and react to changing framework conditions. The aim is to achieve the savings-to-income ratio of our Baby Boomers Sabine and Mary at the end of the savings period at 60. In scenarios #1 (“higher savings efforts”) and #2 (“higher risk appetite”), the economic framework conditions remain unchanged. In scenario #1, savers only adjust their savings rate and in scenario #2 they additionally adjust their risk profile towards riskier assets (equities)³. In our so called “green and AI boost” scenario #3, in which bond yields, the equity risk premium and income growth rise, savers in turn only adjust their savings rate. The same applies to scenario #4 (“permanent poly crisis”), in which – vice versa – bond yields, the risk premium and income growth fall.

Table 1 provides an overview of the necessary adjustment of the savings effort in order to catch up with the Baby Boomers and the changes that result in the return achieved under the different scenarios. For Gen X, who only have a decade left to build up their assets, this savings target can only be achieved with an extremely high savings effort: The savings rates would have to almost triple. This is rather unlikely.

Even for the Millennials, who still have half of their savings phase ahead of them, achieving the savings target is likely to be a challenge; even in the benign scenario #3, the savings rate should increase by more than 50%. For members of Gen Z, however, who have only just started saving, the necessary increase in the savings ratio seems to be within a manageable range. This generation (still) has the greatest possible flexibility to adjust their savings behavior.

³ However, the room to maneuver differs between the generations. Gen X, already in its last decade of asset accumulation and close to retirement, cannot shift into equities but should keep a ratio of 30% (as assumed in the basic scenario). Gen Z, on the other hand, can alter its risk profile quite substantially, having the longest investment horizon.

Table 1: Keeping up with the Baby Boomers – change in...

	#1	#2	#3	#4
...average annual savings rate (in pps) over the base case...	Higher savings efforts	Higher risk appetite	Green and AI boost	Permanent poly crisis
Michael, Gen X	+18.9	+18.9	+16.2	+22.6
Stefanie, Millennial	+8.6	+8.1	+6.1	+11.5
Maximilian, Gen Z	+3.3	+2.4	+1.3	+5.4
Christopher, Gen X	+21.2	+21.2	+19.9	+25.4
Ashley, Millennial	+7.0	+5.2	+6.0	+10.2
Jacob, Gen Z	+1.1	-0.5	+0.5	+3.1
...and achieved total nominal return (in bps) over the base case				
Michael, Gen X	--	--	+23	-29
Stefanie, Millennial	--	+10	+49	-55
Maximilian, Gen Z	--	+44	+116	-120
Christopher, Gen X	--	--	+17	-30
Ashley, Millennial	--	+22	+34	-58
Jacob, Gen Z	--	+172	+80	-131

Sources: Deutsche Bundesbank, Destatis, Federal Reserve, LSEG Datastream, Allianz Research

So are the Baby Boomers the wealthiest generation that ever lived?

For now, yes. But the future holds exciting potential for the generations that follow. Taking into account the end of the savings glut and the rising demand for capital to drive the green and digital transformations, Gen Z actually has a good chance to outperform all their predecessors – if they align their savings behavior to the new realities. And let us not overlook an important fact: The day will come when the Baby Boomers bequeath their wealth to their children and grandchildren. Projections indicate that, in the US alone, more than USD84trn in assets will be transferred to younger generations by 2045, with over USD53trn of that wealth originating from Baby Boomer households⁴. This sets the stage for Millennials to potentially become the richest generation in history – albeit not solely through their own endeavors.

⁴ See Cerulli Associates, 2022: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2021.

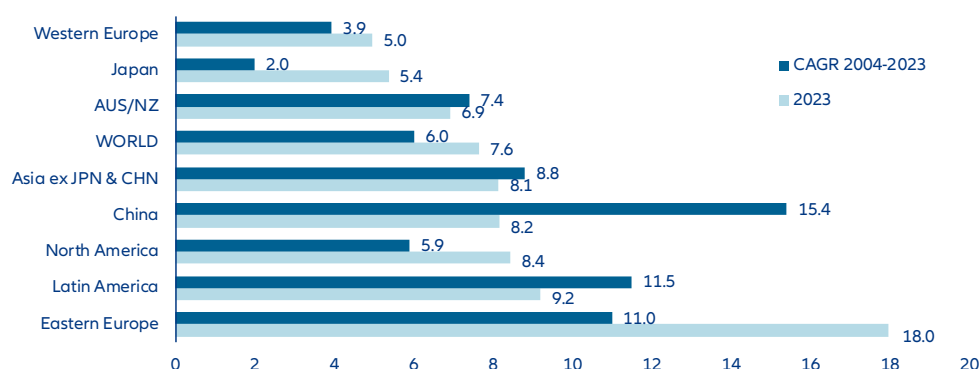


Exceptional China

In contrast to the “annus horribilis” of 2022, in which financial assets shrank in many markets and regions – and also worldwide – the recovery in 2023 was broad-based (Figure 7). In fact, only two countries – New Zealand and Thailand – recorded negative growth rates that year. Moreover, growth was relatively uniform across all regions, not least in Asia and North America, which both grew by over +8% – with the US (+8.6%) growing even more strongly

than China (+8.2%). Only Western Europe (+5.0%), where the UK’s weak performance (+1.5%) dampened growth, and Eastern Europe (+18.0%), where hyperinflation in Türkiye led to high (nominal) growth rates, were somewhat out of line.

Figure 7: Uniform growth
Gross financial assets, CAGR 2004-2023 and growth 2023/2022, in %



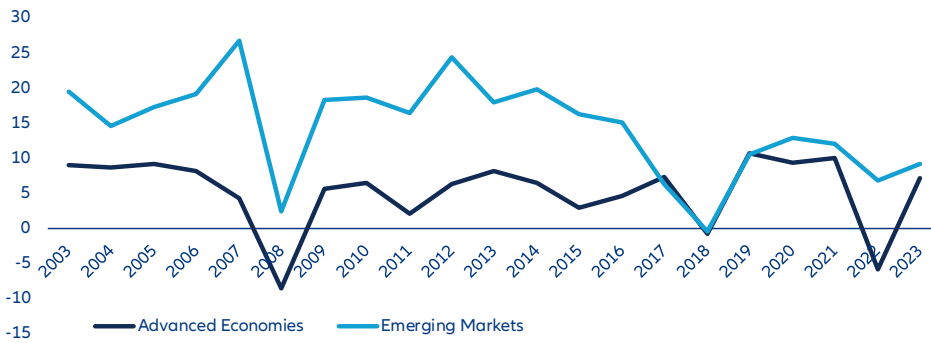
*Compound annual growth rate, in 2023 EUR.

Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

The long-term development over the last 20 years naturally shows greater differences, with the catch-up effects of the emerging economies taking full effect: China, Latin America and Eastern Europe are achieving double-digit growth rates per year, while Japan is only growing at 2% and Western Europe at just under +4%. The development of financial assets in China in particular is breathtaking at first glance. Does this also stand up to closer scrutiny, i.e. an adjustment for population growth and inflation? Figure 8 provides the answer. On a per capita basis, the annual growth rates are just under 1pp lower on average. This applies to all regions – with the exception of Japan, where per capita growth is slightly higher thanks to the decline in population. Adjusting for inflation has a much greater impact. Growth is then halved worldwide, with inflation driving a large wedge between nominal and real growth rates, particularly

in Eastern Europe and Latin America. Only two markets escape this development: Japan and China. Although real growth is lower here too, the discrepancy is not very large. Per capita assets in Japan have actually grown slightly faster in real terms than in Western Europe over the last 20 years. And the gap between China and the rest of the world is huge in real terms: the growth advantage over the rest of the world is almost 10pps – per year! In fact, the purchasing power of average per capita financial assets in China has increased tenfold in just 20 years. The closest countries to this progress are Bulgaria and Romania, which have seen an enormous increase in prosperity since EU enlargement: Real per capita financial assets have increased eightfold and sixfold respectively in this period. In India, the corresponding figure has increased fivefold.

Figure 8: Exceptional China
Gross financial assets per capita, nominal and real CAGR 2004-2023, in %



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

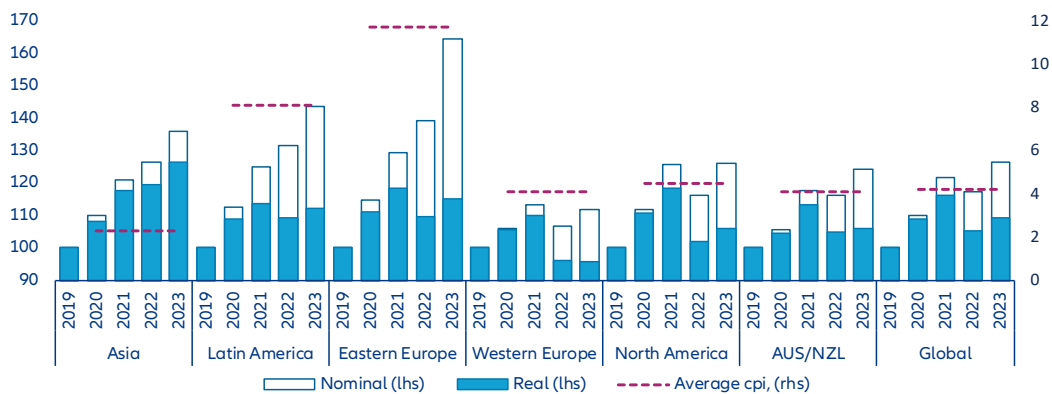
Lost years

However, inflation has only become really painful in recent years, with double-digit rates in Europe, for example. The real gains in prosperity are correspondingly modest (Figure 9). At the end of 2023, real financial assets worldwide were only at the level of 2020 – the last three years were lost years in this respect. Compared to the pre-Covid year, however, there was still an increase of +9.1%. Around a third of the nominal growth in this period was retained, while two thirds fell victim to inflation.

low inflation rates – and real financial assets were 26.3% higher at the end of 2023 than in 2019, the trend in Western Europe was diametrically opposed: real financial assets have shrunk in recent years and are now 4.3% lower than in 2019. European households can therefore look back on four lost years. The trend in North America was not quite as bad: although it is still below the 2020 figure, the increase compared to 2019 was +6.0%. Inflation did not eat up all of the growth in financial assets, but “only” a good three-quarters.

But the regional differences are again large. While Asia grew in real terms over the years – thanks to relatively

Figure 9: Inflation bites
Gross financial assets, nominal vs. real development (indexed, 2019=100) and average cpi (2020-2023, in %)



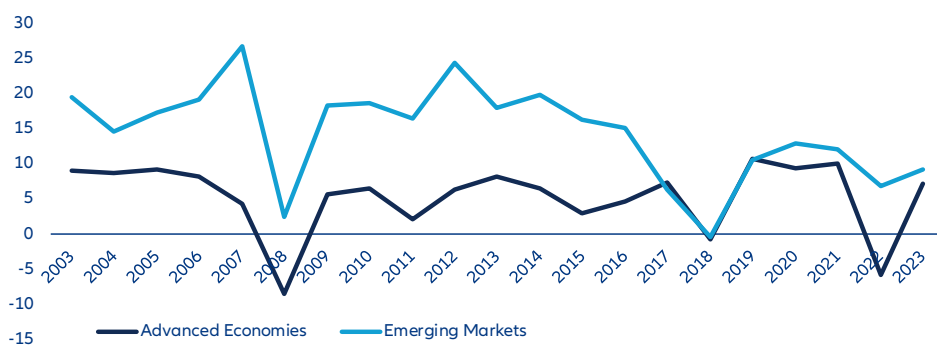
Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

Exceptional US

In one respect, 2023 represented a return to the new reality of de-globalization: The growth advantage of emerging economies over advanced economies has shrunk significantly again, amounting to just 2pps last year (Figure 10). Until 2017, the year in which the trade disputes between the US and China broke out under President Trump, there was still a growth gap of 10pps

or more between these groups of countries. In 2022, this growth gap widened again, triggered by the market turbulence caused by the interest rate turnaround, which mainly affected the US and Western Europe. As expected, however, this return of the gap appears to have turned out to be just a “blip”.

Figure 10: The new reality of de-globalization
Gross financial assets in 2023 EUR, annual change in %

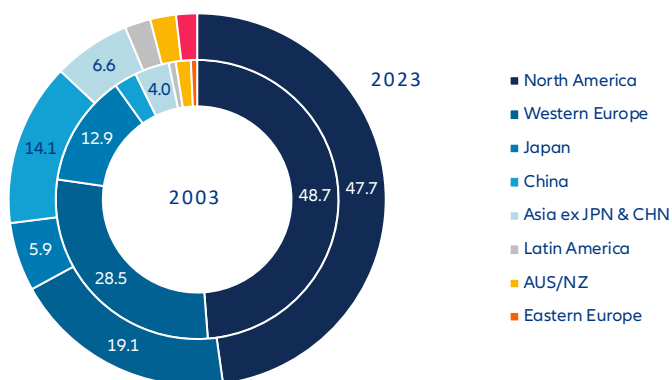


Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

The fact that emerging economies have largely lost their growth lead in six of the last seven years is primarily due to developments in the US. During this period, the financial assets of US households not only grew twice as fast as in Western Europe, but also faster than the global average and roughly on a par with Chinese financial assets. The consequence of this performance is also reflected in the regional distribution of global financial

assets (Figure 11): North America’s share has barely changed in the last 20 years. The richest region in the world by far has kept its share largely constant – this once again underlines the exceptional role that America plays in the area of finance. By contrast, the other developments were predictable: while China’s share skyrocketed from 2.6% to 14.1%, Japan (-6.9 pps) and Western Europe (-9.3 pps) lost significant ground.

Figure 11: Exceptional US
Gross financial assets, regional split 2003 and 2023, in 2023 EUR, in %



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

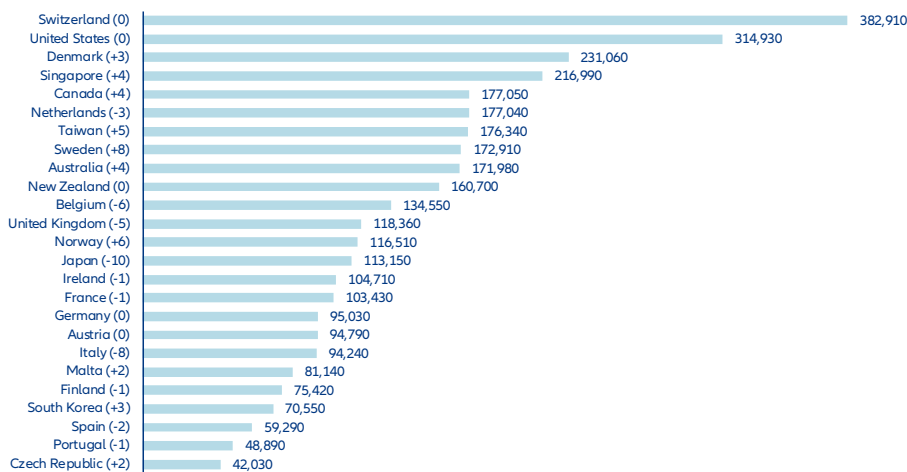
American supremacy is also reflected in per capita financial assets, at least when looking at the averages: in fact, only the Swiss are richer than the Americans. All other countries follow at a respectable distance (Figure 12).

Looking at this ranking, it is noticeable that the top ten is dominated by up-and-comers. Although Switzerland and the US have dominated the list of the richest countries for years, they are followed mainly by countries that have gained places over the last two decades, such as Denmark (+3), Singapore (+4) and Canada (+4); only the Netherlands is out of line (-3). Places 10 to 20 are mainly occupied by relegated countries such as Japan (-10), Italy (-8) and Belgium (-6). A word on Germany: although

17th place is still rather disappointing in view of its high economic strength and savings performance, it is at least one of the few Eurozone countries to maintain its ranking.

Beyond the top 20, the picture is also relatively mixed. This applies to Eastern Europe, for example, where the Baltic states Estonia (+6 to 26th place), Lithuania (+8 to 29th place) and Bulgaria (+7 to 35th place) are big “winners”, but Slovakia (-5 to 36th place) and Poland (-3 to 37th place) are also “losers”. The picture is similar in Asia: alongside China (+8 in 32nd place) and Vietnam (+8 in 49th place), there are countries such as Thailand (-9 in 44th place) and Malaysia (-10 in 38th place).

Figure 12: The rich and the very rich
Gross financial assets per capita in 2023 EUR (change in ranking since 2003)



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

Outlook

Global financial assets should continue to grow in 2024. This is supported above all by the positive trend on the stock markets (so far). However, the turbulence over the summer has also made it clear that prices are on thin ice and a continuation of the rally is by no means certain. A correction before the end of the year cannot be ruled out. However, monetary policy should provide a tailwind. In view of the now significant decline in inflation, the most important central banks will cut interest rates (further). This also seems appropriate against the backdrop of renewed fears of recession. It is therefore likely that

economic growth this year will be at a similar level to last year. This also applies to savings efforts, which we do not expect to decline further. These considerations lead us to expect global financial assets to grow by +6.5% in 2024.

The medium-term outlook is of course characterized by even greater uncertainty. This applies not least to the two megatrends of AI and sustainability. The potential of AI is undisputed, but it is just as undisputed that not all of the dreams will come true and that not all share valuations will prove to be justified. A certain disillusionment after

the initial euphoria is already noticeable. In addition, it will probably be years before the AI boom reaches the entire economy and leads to productivity increases across the board. There are also increasing question marks over the issue of sustainability and the green transformation. Not because its necessity is disputed. But the difficulties in terms of costs, technology and regulation are being perceived more strongly again. This has already led to ESG investments performing worse than the market in recent years, for example. The green boom in the economy and stock markets is still a long time coming – but with the right (political) framework set, it is still possible. This brings the biggest problem into focus: political uncertainty, be it at the national level – keyword: the rise of extremist parties – or at the international level – keyword: geopolitical crises and

increasing fragmentation. The bottom line: In view of this mixed situation, only modest growth in financial assets of +4-5% can be expected over the next few years – albeit with high volatility. The economy and markets are likely to oscillate between fear of crisis and euphoria about change for the foreseeable future.

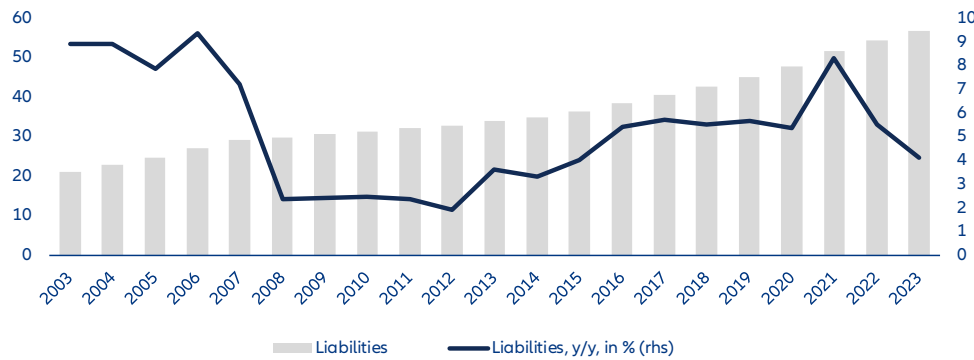




Liabilities: Expected restraint

The rise in interest rates had a clear impact on the liabilities side of private households' balance sheets in 2023: After the already strong dampener in 2022, the growth in private debt weakened further to 4.1% worldwide; this represents the lowest growth in nine years (Figure 13). Overall, the global liabilities of private households amounted to EUR 56.8trn at the end of 2023.

Figure 13: Expected restraint
Global private liabilities in 2023 trn EUR and annual change, in %



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

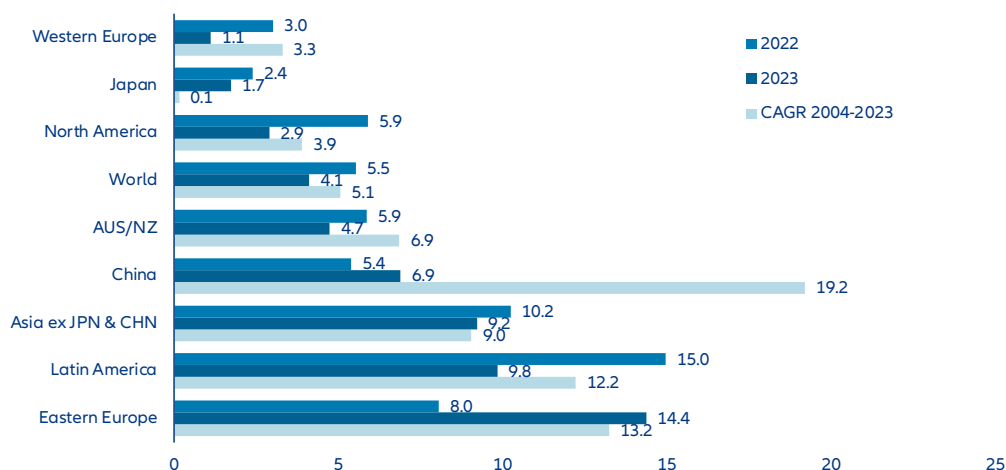
The decline in debt growth was observed in almost all regions in 2023. It was particularly pronounced in Western Europe and North America, where growth more than halved (Figure 14). Latin American households also hit the debt brake relatively hard. However, their Eastern European counterparts did not: at +14.4%, they recorded the largest increase in liabilities by far in 2023. However, this development is put into perspective against the backdrop

of hyperinflation in Türkiye. In this respect, another phenomenon in the region – debt growth in 2023 was above the long-term trend – should also be viewed with caution. This phenomenon can otherwise only be observed in Japan, albeit as a positive development: after years of deflation and some strong debt reduction, private debt is also (slightly) increasing again in the

face of higher inflation – good news for consumption and therefore Japan’s prospects of escaping the deflationary spiral. In the rest of Asia, growth in 2023 and the trend are roughly on a par. In most other markets, however, current debt growth is well below the average of the last 20 years. Nowhere is this more true than in China, where private debt has grown by an average of almost +20% year on year. Together with the previous year, 2023 represents by far the lowest growth recorded to date. If any further proof were needed that China’s real estate market is in a precarious

state, it can also be found in this dramatic slowdown in debt growth. The slight increase in 2023 is likely to be little consolation here; it does not yet signal a turnaround. Together with the previous year, 2023 represents by far the lowest growth recorded to date. If any further proof were needed that China’s real estate market is in a precarious state, it can also be found in this dramatic slowdown in debt growth. The slight increase in 2023 is likely to be little consolation here; it does not yet signal a turnaround.

Figure 14: Emergency brake in China
Increase of private debt by region/country, in %



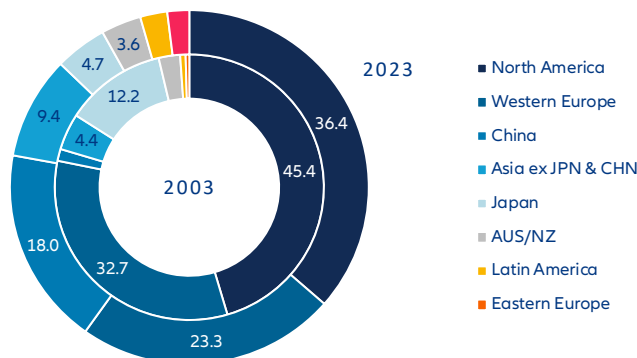
Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

De-Westernization

Given the large discrepancies in long-term debt growth between advanced economies and emerging economies, it is hardly surprising that there have been significant shifts on the global debt map over the last two decades. In contrast to financial assets, North America’s position has also “deteriorated” (Figure 15). Whereas 20 years ago, 45.4% of all private liabilities were on the books in North America, this figure was “only” 36.4% at the end of

2023. Western Europe and Japan are experiencing equally sharp declines. In fact, these three regions still accounted for 90% of all global debt 20 years ago, compared to just under 65% today. The figure for financial assets is just under 73%. This is mirrored by the development in Asia and especially in China: its share of the global debt mountain has literally exploded from 1.4% to 18% – despite the weak development in the last two years. Chinese households now account for more than half of all private debt in Asia (including Japan).

Figure 15: De-Westernization
Private liabilities, regional split 2003 and 2023 (in 2023 EUR, in %)

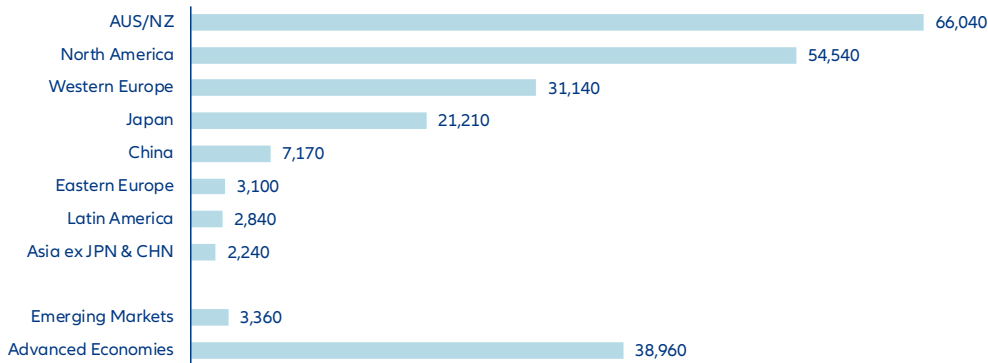


Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

Despite the rapid growth dynamics and shifts on the world debt map, the debt burden that households in the emerging markets have to shoulder is of course only a fraction of that incurred by households in industrialized countries: the latter exceeds the former by a factor of 12 (Figure 16). The three countries with the highest liabilities

per capita worldwide are Switzerland (EUR 127,470), Norway (EUR 77,980) and Australia (EUR 72,480). In the group of emerging economies, China is already in third place; only Chile (EUR 7,330) and Malaysia (EUR 8,820) had higher debt per capita at the end of 2023.

Figure 16: Still a world apart
Private liabilities per capita 2023, in EUR



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

No global private debt problem

More interesting than the absolute level of debt is, of course, the relation to economic output – because this indicator is ultimately decisive for debt sustainability, and therefore the question of whether or not a debt crisis is imminent. Here the development – at least at the global level – does not look dramatic. In fact, as nominal growth in global economic activity remained at a high level (+6.5%) in 2023, the global debt ratio (liabilities as a percentage of GDP) fell for the third year in a row, dropping by 1.5pps to 65.4% (Figure 17). This means that the global debt ratio was also more than 3pps lower than in 2003 – a remarkable stability that masks a sharp rise in the run-up to the global financial crisis, but still hardly fits the widespread narrative of a world drowning in debt. The latter is not the case for private households as a whole.

However, there are again major differences between the regions. First and foremost, stability characterizes the development in advanced economies such as North America, Japan and Western Europe. In the first two regions, there has even been a sharp decline (-8.4pps and -6.9pps respectively), while the rate in Western Europe has

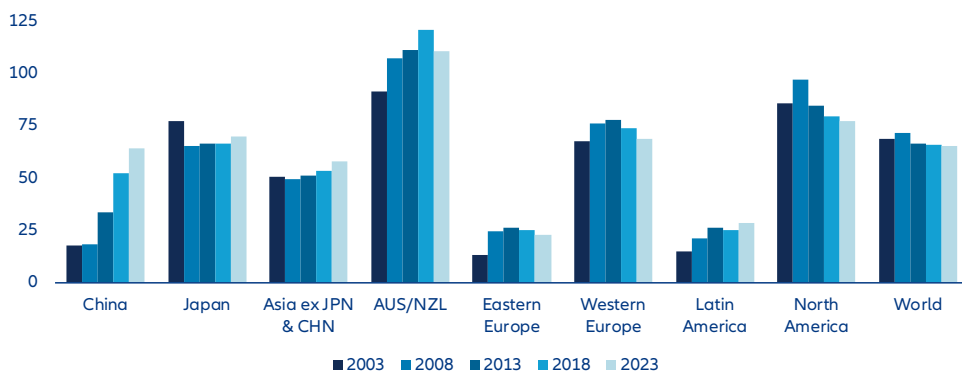
risen by just 1.3pps; at 69.0%, however, it is still (just) below the levels in Japan (70.1%) and North America (77.2%). The exception among the industrialized countries is Australia/ New Zealand, where the debt ratio rose by 19pp sto 111%. However, this figure is still below the previous high of 122%, which was reached in 2020.

In most emerging markets, on the other hand, the debt ratio has risen sharply over the last two decades. At the top of the list is China, where the ratio has almost quadrupled to a good 64%; in the other emerging market regions of Latin America and Eastern Europe, it has “only” doubled and still remains at a relatively moderate level. A word on the rest of Asia, whose relative stability (+7.2pps) is perhaps somewhat surprising in this context. This is primarily a statistical phenomenon: Over the years, the weight of the poorer and even less indebted countries has increased, which has dampened the regional increase; in addition, there has been a sharp decline in Singapore. The picture is different at country level: In many countries such as India, the Philippines and Vietnam, debt has risen rapidly in relation to economic output. In Vietnam, it is already

above the 50% threshold at 53.1%, while in India (47.0%) it is only just below. The private debt ratio in a dozen countries worldwide is now higher than that of the US. These include not only rich countries such as Switzerland, Denmark and Australia, but also South Korea (103.6%), Taiwan (93.5%), Thailand (91.3%) and Malaysia (80.9%). The bottom line: Even if there is no threat of a global

debt crisis on the part of households, this does not apply to all countries. In some Asian emerging economies in particular, the debt dynamics of recent years give cause for concern.

Figure 17: No global private debt problem
Private liabilities as % of nominal GDP, by region/country



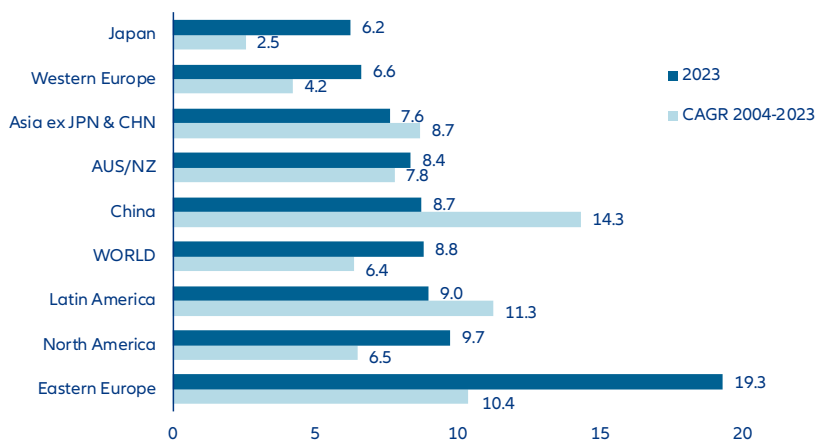
Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

A truly good year for all

Relatively strong growth in assets and relatively weak growth in liabilities led to a significant increase in net financial assets (financial assets less liabilities) in 2023: The 8.8% increase more than made up for the previous year’s losses. Overall, global net financial assets amounted to EUR 182trn at the end of 2023; this represents an increase of almost EUR 15trn compared to the previous year and is also EUR 4trn above the previous record value from 2021.

The development in the individual regions was almost synchronized: Strong growth was achieved everywhere, even in Japan, where the growth rate of +6.2% was well above the long-term trend (Figure 18). It is also striking that North America achieved the strongest growth, beaten only by Eastern Europe (for the reasons already mentioned). This strong development resulted in North America’s share of global net financial assets reaching 51.2% in 2023; i.e. every second euro (less debt) was in the hands of North American households.

Figure 18: A truly good year for all
Net financial assets, CAGR 2004-2023 and growth 2023 / 2022, in %

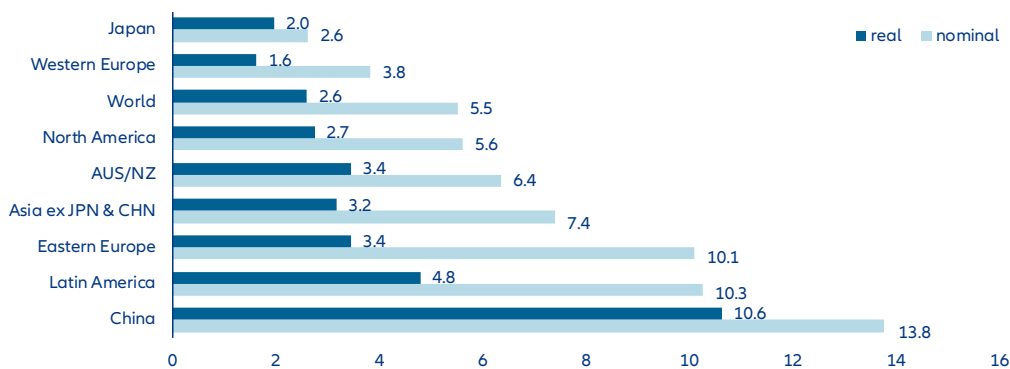


Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

Once again, it is worth adjusting these data for population growth and, above all, inflation (Figure 19). At first glance, the picture is very similar to that of gross financial assets. China is the undisputed leader, with net per capita financial assets, adjusted for purchasing power, having increased more than sevenfold in the last two decades. No other region can keep up here, not even

the other emerging market regions, where a doubling can be observed. Among the advanced economies, it is noticeable that Western Europe is once again lagging behind Japan, with the gap of just under 0.4 pps being even more pronounced than in the case of gross financial assets.

Figure 19: China remains on top – by a wide margin
Net financial assets per capita, nominal and real CAGR 2004-2023, in %

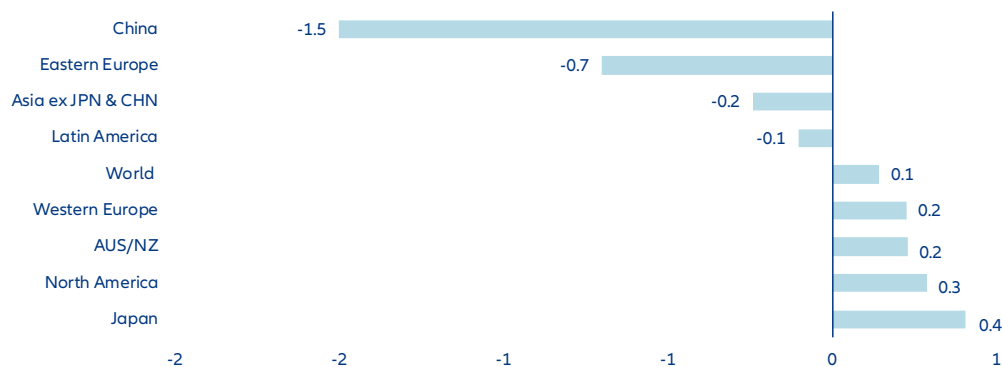


Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

What does the comparison of the development of gross and net financial assets show? A clear pattern can be seen here: In the emerging economies, real net financial assets have in some cases grown significantly slower than real gross financial assets in recent years; in China, for example, the gap amounted to 1.5 pps per year. This growth gap implies that, on average, debt has grown faster than assets in these countries. In the advanced economies, the opposite is true: debt is growing more slowly and net financial assets are therefore growing faster than gross financial assets. This is particularly true of Japan (Figure 20). A word on Western Europe, where

the growth advantage of gross financial assets is lower than in Japan, but also in North America. This is due to the great heterogeneity of the Old Continent in dealing with private liabilities: on the one hand, there are countries such as Ireland (+1.3pps), Spain (+0.8pps) and Portugal (+0.8pps), which had to massively reduce liabilities after the euro crisis; Germany (+1.0pps) and the Netherlands (+0.3pps) also belong to this group. On the other hand, countries such as Finland (-1.3pps), Greece (-0.8pps) and Belgium (-0.6pps) have seen their debts grow faster than their assets on average over the last 20 years.

Figure 20: Debt restraint in advanced economies
Difference of per capita net and gross financial assets' real CAGR 2004-2023, in pps

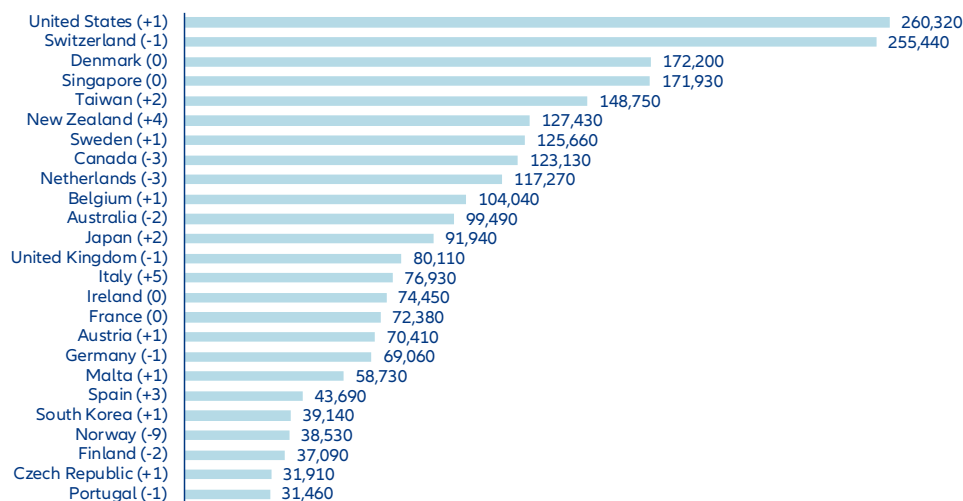


Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.

Where is the development of net financial assets heading? Figure 21, the ranking of the richest 25 countries by per capita net financial assets at the end of 2023, provides some insight. It no longer shows Switzerland in first place, but the US. This is due to the high per capita debt in Switzerland (EUR 127,470), which is more than twice as high as in the US (EUR 54,610).

There are also changes in the other places. For example, Italy (+5) and New Zealand (+4) performed significantly better; Spain (+3) also improved significantly. On the other hand, Norway (-9) plummeted; the decline in the Netherlands and Canada (-3 each) was not quite as dramatic.

Figure 21: Leadership change
 Net financial assets per capita in 2023 EUR (in brackets change to rankings in gross financial assets per capita)



Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, Allianz Research.





Real Estate: setback

In contrast to financial assets, real estate assets⁵ developed extremely weakly in 2023: at +1.8%, they recorded the lowest growth in 10 years since the aftermath of the global financial crisis, during which real estate values even fell for two years in a row (Figure 22). There is no need to speculate on the reasons for this: High

construction costs and interest rates dampened demand for houses. Overall, real estate assets in the countries considered here amounted to EUR140trn.

Figure 22: Setback
Real estate, in 2023 trn EUR and annual change in %



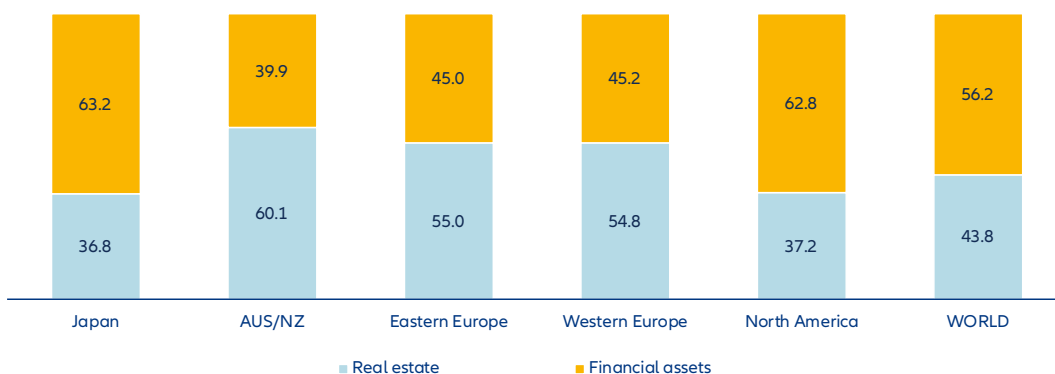
Sources: Eurostat, national central banks and statistical offices, IMF, LSEG, OECD, Allianz Research.

⁵ Due to insufficient data, the analysis only covers around half of the countries included in the financial assets. The regions of Asia and Latin America are therefore not shown. For Western Europe, data is missing for Greece, Portugal, Malta and Ireland. The Eastern Europe aggregate does not include: Croatia, Kazakhstan, Latvia, Romania, Russia, Serbia and Türkiye. If not available, 2023 values were estimated based on the OECD house price index.

This means that real estate assets were 22% lower than the gross financial assets of this group of countries (EUR180trn). This is surprising as real estate assets – usually the owner-occupied house – are generally regarded as the largest asset item on a household’s balance sheet. This is also true for Australia, Eastern and Western Europe: On average, real estate values were 51%, 22% and 21% higher than financial assets, respectively. Real estate clearly dominates total asset ownership in

these regions (Figure 23). However, this was not the case in Japan (-42%) and North America (-41%) – which accounts for around half of all real estate assets included here. The reasons for this are probably different: While in Japan the cause is the decades-long fall in house prices since the bubble economy burst, in the US the very high level of financial assets plays the decisive role.

Figure 23: Real estate is not king everywhere
Share of real estate and financial assets in total wealth, in %

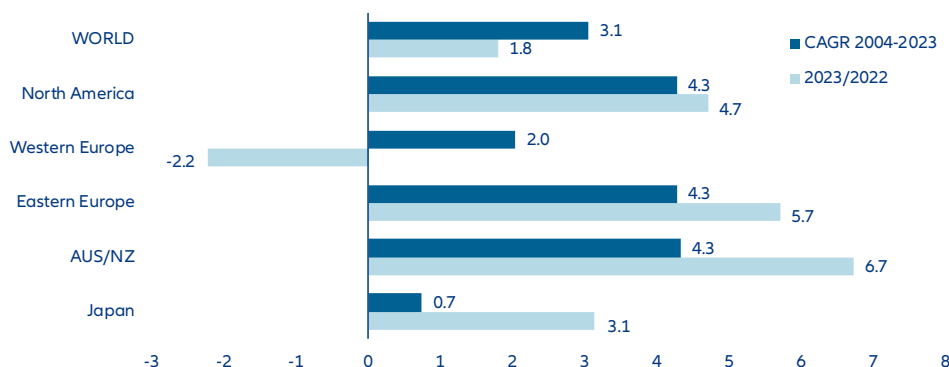


Sources: Eurostat, national central banks and statistical offices, IMF, LSEG, OECD, Allianz Research.

Price trends were also inconsistent in the individual markets. On the one hand, the markets in North America, Australia/New Zealand and Eastern Europe defied the interest rate turnaround and were still able to achieve significant growth in 2023, even exceeding long-term growth rates (Figure 24). The shortage of supply is likely to have played a stabilizing role here. Japan has a special role to play in this context: the relatively strong increase in 2023 primarily signals the hope of recovery

after years of decline in a deflationary environment. In Western Europe, on the other hand, the fall in property prices reflects the rise in interest rates, a market reaction straight out of the economic textbook. In some countries, such as Germany (-8.4%) or Sweden (-7.8%), the slump was particularly severe. In fact, only Italy, Spain and Switzerland were able to escape the downward pull and post positive growth rates; the UK at least managed to break even.

Figure 24: Different market reactions to rising rates
Real estate, CAGR 2004-2023 and growth 2023 / 2022, in %



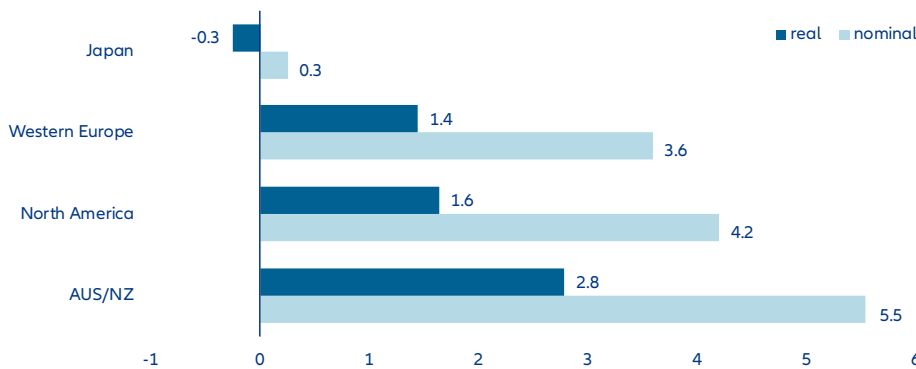
Sources: Eurostat, national central banks and statistical offices, IMF, LSEG, OECD, Allianz Research.

Low returns

Similar to the approach used to analyze financial assets, we also look at the development of per capita assets after deducting inflation (Figure 25). Unsurprisingly, the trend in Japan was miserable: After deducting minimal inflation, real estate has on average caused its owners to cope with losses over the last 20 years. In the other three regions we examine here, the picture is more pleasing – but not exhilarating either. In North America and Australia/New Zealand, for example, the real growth rates of real estate have lagged behind those of financial assets (see Figure 8); in North America, the annual gap was almost 1 pp over the last two decades. However, this

is also in line with research, which states only low long-run capital gains of around 1% per year for real estate – in contrast to equities⁶. Western Europe is an exception in this respect, where the real growth rates for real estate and financial assets were exactly the same – which was primarily a consequence of the weak growth in financial assets. The trend is unlikely to improve in the coming years. On the contrary: climate change and the fight against it are likely to have a significant impact on house prices (see box: climate change and housing prices).

Figure 25: Low returns
Real estate per capita, nominal and real CAGR 2004-2023, in %

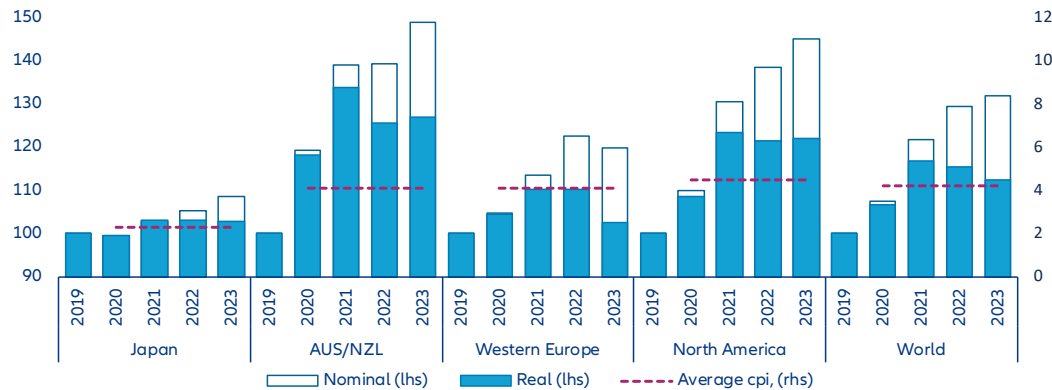


Sources: Eurostat, national central banks and statistical offices, IMF, LSEG, OECD, Allianz Research.

A small consolation for Japanese property owners: in recent years, real estate has at least been able to increase its real value slightly: At the end of 2023, it was +3% higher than in 2019 (Figure 26). Japanese real estate thus performed even better than Western European real estate, where the increase was only 2.4%. Above all, however, these figures show how the high inflation of

recent years has eroded real estate values. This also applies to the other two regions, which have seen real value losses since 2021. Compared to the pre-Covid year 2019, however, there is still a big plus: In real terms, gains of 22% (North America) and 27% (Australia/New Zealand) were achieved.

Figure 26: Dismal years
Real estate, nominal vs. real development (indexed, 2019=100) and average CPI (2020-2023, in %)



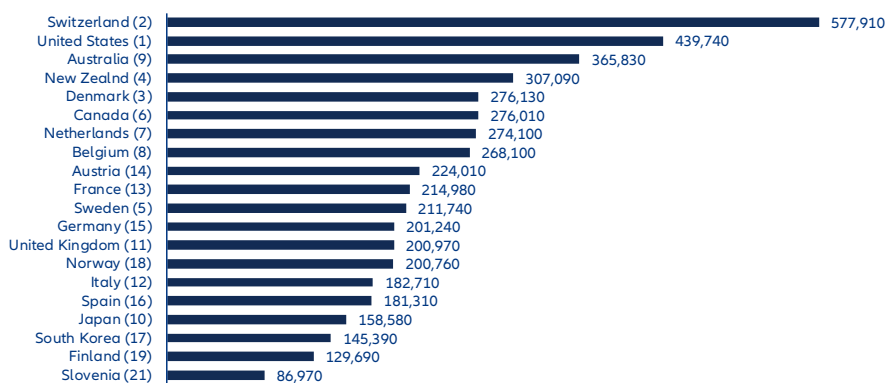
Sources: Eurostat, national central banks and statistical offices, IMF, LSEG, OECD, Allianz Research.

⁶ See Oscar Jorda et al. (2019), The rate of return on everything 1870 -2015, NBER Working Paper Series, 24112; or R.J. Shiller (2000), Irrational Exuberance, Princeton. Of course, this does not take into account the (implicit) rental yield, which is likely to play the decisive role for most homeowners.

In the ranking of countries with the highest real estate assets, Switzerland (EUR 322,470) is ahead of Australia (EUR 266,340) and New Zealand (EUR 179,660); the USA (EUR 179,410) is only in fourth place. What does the ranking look like when net financial assets and real estate assets are presented together? Figure 27 provides the answer. In some cases, there are serious shifts. Switzerland at the top by a large margin, with an average lead over the US of EUR 138,170. Australia (+6 ranks) and

Austria (+5) are two markets that are now significantly better positioned; Austria even makes it into the top 10. France and Germany (+3 each) are also among the “winners”. However, there are also relegated markets, above all Japan (-7) and Sweden (-6). However, not much has changed for the majority of markets, which have maintained their positions or only improved / deteriorated marginally.

Figure 27: Switzerland rules
Net financial and real estate assets per capita (in 2023 EUR)



In brackets: Rank by net financial assets per capita (adjusted for the missing markets).

Sources: Eurostat, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, OECD, Allianz Research.



Climate change and house prices

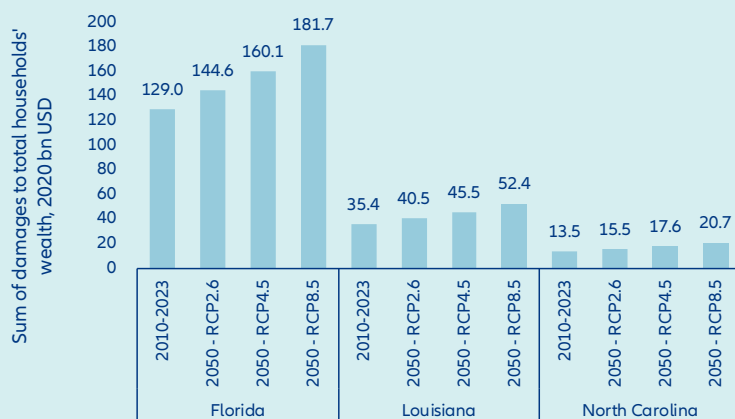
The frequency and severity of natural disasters have increased in recent years, driven by climate change. This trend is expected to continue, even under the best assumptions. For example, under an orderly transition (RCP2.6) meeting Paris Agreement goals by 2050, hurricane costs are projected to rise by +12%, +14%, and +15% in Florida, Louisiana and North Carolina, respectively. In the worst-case scenario, costs will increase between +41% (Florida) and +53% (North Carolina) (Figure 28). These natural catastrophes will have a profound impact on the housing market, influencing property values, insurance costs and overall market dynamics.

Homeowners affected by disasters often face immediate losses, including damage to their homes and possessions. But there are also longer-term effects as the perception of future storms changes. Considering these households' perceptions of hazards damages, an analysis reveals a persistent negative effect on flood-zone housing values in the aftermath of hurricane Sandy in New York (October 2013), with even non-damaged properties showing an -8% price penalty by 2017 and damaged properties experiencing an immediate -17-22% drop, followed by only a partial recovery⁷. In general, houses exposed to sea levels rising sell for about -7% less than similar properties that are not exposed⁸. But this effect works also the other way around as well, as new buyers place higher value on adaptation measures. For example, before hurricane Katrina (New Orleans, August 2005), the elevation of properties in flood-prone areas had a minimal effect on selling prices, adding only about 1.4% per foot. However, after Katrina, the significance of elevation became much more evident. Water-level marks allowed buyers to better gauge elevation, resulting in a +4.6% price increase per foot in areas affected by flooding.

The impact of natural catastrophes on the wider housing market is further complicated by the ensuing market dynamics. Housing markets within exposed areas display a temporary negative supply shock. This supply shortage can drive up prices in the short term. For instance, a study reveals that home prices in hurricane-exposed areas increase by +5% on average in the three years following a hurricane, peaking at +10% in the second year, compared to unexposed areas. Concurrently, the probability of home transactions in these exposed areas drops by -7% from the baseline.⁹ However, prices tend to normalize as supply levels recover over time. But hurricanes, disrupting local economies, can have also an effect on housing demand, as income levels are lowered. In that case, the overall net effect remains uncertain. The bottom line: It is clear that exposure to natural catastrophes will play an increasing role in housing markets. However, it is less clear how this will impact the general level of housing prices. It cuts both ways.

Figure 28: Gone with the wind

Evolution of hurricane driven damages to households' wealth in three US states, under historical observations and climate change scenarios, 2020 bn USD



Sources: CLIMADA, Allianz Research.

⁷ <https://www.sciencedirect.com/science/article/abs/pii/S0094119018300354>

⁸ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3073842

⁹ <https://www.dallasfed.org/~media/documents/research/papers/2010/wp1009.pdf>

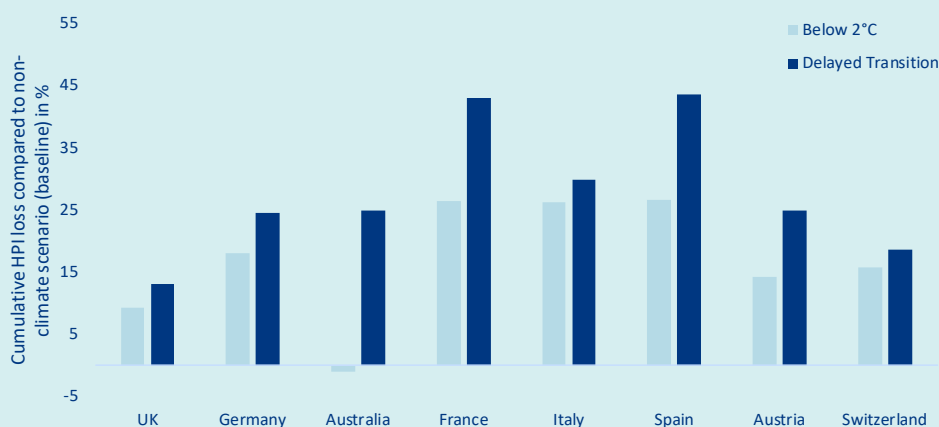
Therefore, the bigger impact on housing prices might be come from transition risks. Although transition risks are not as immediately pressing as physical risks for real estate, they are still significant. The primary way these risks impact real estate is through the energy consumption of buildings, particularly for heating.

Many regions have revised their building codes to require new constructions to meet higher energy-efficiency standards and use renewable energy for heating. While older buildings are sometimes exempted from these rules, this is not always the case. The UK’s Minimum Energy Efficiency Standard (MEES) exemplifies how buildings can be subject to transition risks¹⁰. The UK assigns an Energy Performance Certificate (EPC) rating to properties, ranging from A to G, with G being the least efficient. As of 2018, the average EPC rating for rental properties was E. Under the MEES regulation, starting from April 2018, properties with ratings F or G could not be rented out under new leases, and this rule expanded to include existing leases from 2023, with penalties for non-compliance.

Figure 29 illustrates the projected impact of the energy transition on the House Price Index (HPI) in the UK between 2022 and 2050, using two scenarios from the NGFS: the Below 2°C (orderly transition) and the Delayed Transition (disorderly transition). The analysis reveals that, compared to a baseline scenario with no climate change, the HPI in the UK is expected to decline by -9.3% under the Below 2°C scenario and by -13.1% under the Delayed Transition scenario. Given today’s value of British private households’ real estate stock of EUR8.3trn, these declines would wipe out EUR770bn and EUR1,1trn, respectively or EUR11,240 and EUR15,840 in per capita terms. These projections align with NGFS data for Germany, where cumulative HPI declines of -18.1% (EUR2.2trn or EUR23,920 per capita) and 24.5% (EUR2.7trn or EUR32,380 per capita) are expected under the Below 2°C and Delayed Transition scenarios, respectively. Applied to all markets under consideration, homeowners are in for losses of up to EUR30trn. These strong declines would be triggered by the steep fall in the prices of energy-inefficient buildings, depressing the overall market. In future, housing prices are set to be defined less by location and more by energy efficiency.

Australia’s transition under the Below 2°C scenario is expected to have a minimal impact, with some projections even suggesting a slight positive effect on the economy. This contrasts with countries such as Germany and the UK, where the transition may be more challenging. The key factor is Australia’s sharp decline in energy consumption, driven by its ambitious climate policies under the Below 2°C scenario. Central to these policies is a rapid increase in carbon pricing, set to rise more quickly and to higher levels by 2050 than in the EU and UK..

Figure 29: The cost of energy efficiency (or the lack of) Cumulative decline in the House Price Index (HPI) due to transition risks from 2022 to 2050, expressed as a percentage. The analysis is based on NGFS NiGEM-REMIND data, comparing two scenarios: Below 2°C and Delayed Transition. Results are shown relative to a baseline scenario with no climate change.



Source: Allianz Research.

¹⁰ <https://www.ricsfirms.com/glossary/minimum-energy-efficiency-standard/>



Distribution: Progress is in the eye of the beholder

The international perspective: Concentration at the top

The concentration of financial assets on a global scale remains extremely high. This becomes clear when the total population of the countries we analyze is broken down by population decile on the basis of net financial assets.

This shows that the richest 10% of the world's population – around 570mn people in the countries under consideration with average net financial assets of around EUR273,850 – together owned 85.7% of total net financial assets in 2023. At least the share has fallen over time: two decades ago, it stood at 91.9%. But it still is much higher than at the national level, where the unweighted average of all countries was 61.1%. At the pace of progress over the last two decades, it would take another 78 years to reach a “normal” wealth concentration at the global level – i.e. comparable to the situation within countries.

For the second richest decile, only 9.1% of the total remains; average net financial assets amount to EUR29,790. But for the bottom half of the population, comprising 2.9bn people, almost nothing is left. However, this figure should be interpreted with caution as the people in the 10th decile are on average indebted people from the richest countries, resulting in negative net financial assets. But high debt does not necessarily equate to poverty. A new homeowner or freshly minted graduate from one of the top universities might have more debt than financial assets but is certainly not poor. In fact, they are likely to move into the top echelon of asset owners over time. More concerning is the fact that the deciles 5 to 9 own no assets to speak of.

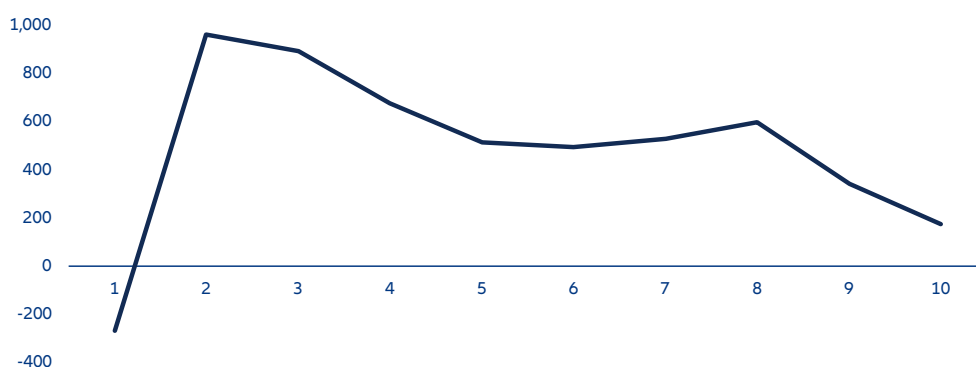
As a result of this high global wealth concentration, there is also a large gap between the global median and the global average of net financial assets. While the median of net financial assets in 2023 was EUR1,920 per capita, the average was almost 17 times higher (EUR32,170). Again,

the comparison to the national figure (unweighted average of all countries) is revealing: the relation between average and median is much lower within countries at 3.1.

At first glance, it seems encouraging that average net wealth per capita grew much faster in the

lowest deciles than in the two richest deciles (Figure 30). However, given the huge absolute differences between the deciles, even with high growth differentials, a more equal distribution of wealth at the global level remains a distant dream. A word about the 1st decile with the lowest net financial assets. Its negative growth rate implies a decline in their „net financial assets“ – because debt kept rising.

Figure 30: Catching up?
Growth of average net financial assets per capita per decile, 2023/2003 in %



Sources: Eurostat, ECB, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, World Inequality Database, Allianz Research.

A growing and more diverse middle class

However, the picture of global wealth distribution brightens somewhat if we look not only at the richest 10%, but also at the development in the middle. To do this, we divided the population in the countries we examined into three wealth classes, analogous to the approach at the national level. This is based on the assumption that we all live in a “global village” in which each inhabitant can be assigned to different classes based on their relative wealth. Accordingly, the classification in wealth classes is based on worldwide average net financial assets per capita, which stood at EUR32,170 in 2023. The global wealth middle class (“middle wealth”, MW) includes all individuals with assets of between 30% and 180% of the global average. This means that for 2023, asset thresholds for the global wealth middle class are EUR9,700 and EUR57,900. The “low wealth” (LW) category, on the other hand, includes those individuals with net financial assets that are below EUR9,700, while the term “high wealth” (HW) applies to those with net financial assets of more than EUR57,900¹¹.

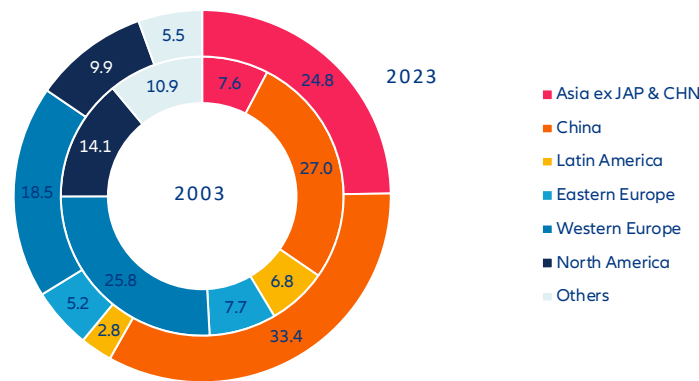
Looking at the development of the global middle wealth class, two observations stand out in particular: Firstly, the number of its members has risen sharply by 78% to around 850mn over the past two decades; secondly, the share of emerging economies has climbed from 43% to almost two-thirds. The increasing participation of poorer countries in global prosperity is reflected even more clearly in the composition of the global high wealth class: last year, the share of emerging economies amounted to 34%; 20 years ago, these countries had virtually no presence in this class, with a share of 1%. In contrast, the global low wealth class only grew by just under 8% (to 4.260mn), with a general population growth of +18.4% in the group of countries examined here. These three wealth classes will be examined in more detail below. This provides a differentiated picture of how the global distribution of wealth has shifted in recent years.

¹¹ For more details on how the asset thresholds are set, see Appendix A.

The changes in the global middle wealth class are immediately apparent (Figure 31). One in three members of this class now comes from China and one in four from the rest of Asia (excluding Japan). At the start of the millennium, the two regions together accounted for just over a third of this asset class. This means that 20% of Chinese people now belong to the global wealth middle class, twice as many as 20 years ago. In the rest of Asia, this share is now just under 9%, compared with only 2% in 2003. Nothing illustrates the rise of Asia, and China in

particular, more clearly than these figures. Mirroring this, the shares of the other regions have fallen sharply, which is primarily due to the rapid growth of this wealth class – in both absolute and relative terms, this class has grown in all regions. There is only one exception: Latin America, where the number of members of this wealth class declined, albeit in favor of the global high wealth class.

Figure 31: The middle speaks Chinese
Global middle wealth class, members by region in %



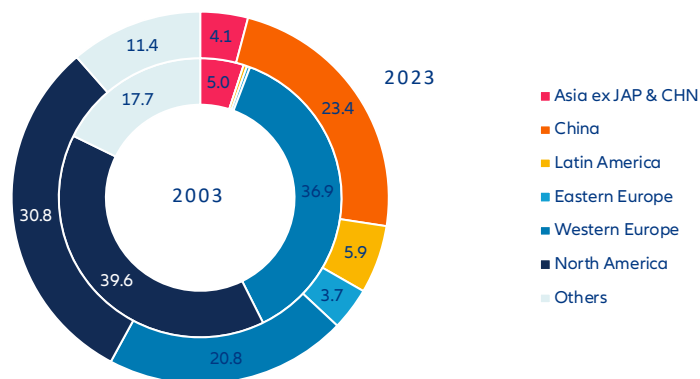
Sources: Eurostat, ECB, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, World Inequality Database, Allianz Research.

The pattern is repeated in the global high wealth class (Figure 32), at least with regard to China: many Chinese have managed to climb into this class, with 23.4% of its members now recruited from China (population share around 10%); 20 years ago, China played virtually no role in this wealth class. However, North America still accounts for the largest contingent, even if its share has fallen sharply to 30.8%. In absolute terms, however, the global high wealth class (like the middle class) has continued to grow in North America; its share of the population has hardly changed at 49%. This is where the North American trend differs from that in Western Europe: Here, the number of members has fallen in absolute terms and their share of the population has fallen sharply from 38.0% (2003) to 29.6% (2023) (mainly in favor of the middle wealth class). So while

North America has been able to maintain its international position, Western Europe has lost considerable ground – fewer Western Europeans can feel that they belong to the global high wealth class today than 20 years ago.

In the three emerging regions – Asia (ex Japan & China), Latin America and Eastern Europe – the number of members of the global high wealth class has risen sharply in each case. However, while the population share also increased in the latter two regions, it remained largely stable in Asia (only the wealth middle class increased proportionately here). However, Eastern Europe and Latin America did not develop in sync either. In Eastern Europe, both the high and middle wealth classes benefited, while in Latin America only the former – an indication of greater polarization in the distribution of wealth, with the middle class shrinking.

Figure 32: Western Europe is losing ground
Global high wealth class, members by region in %

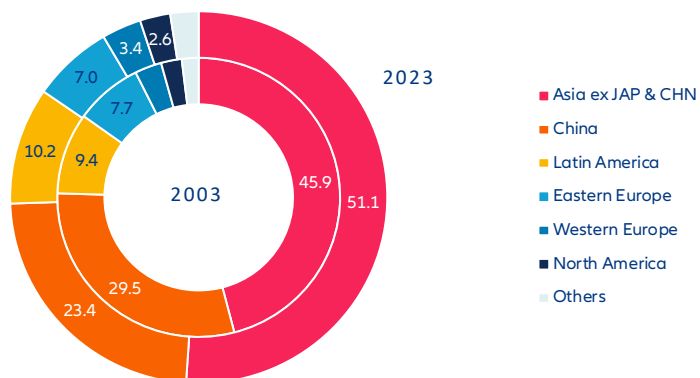


Sources: Eurostat, ECB, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, World Inequality Database, Allianz Research.

Finally, the low wealth class (Figure 33). At first glance, there appear to be few shifts in this class. China’s share has fallen slightly, reflecting both the absolute (-14.5%) and relative (population share from around 90% to just under 70%) decline in this wealth class in China. By contrast, the share of the rest of Asia (excluding Japan) increased slightly, as the number of members of the global low wealth class in the region also rose (+19.9%); however, this is solely due to the strong population growth, with the population share falling by 7 pps to 90%. Developments in the two other emerging regions of Latin America and Eastern Europe also differed. While the population share in Eastern Europe fell relatively sharply, by 7.4 pps to 81.5%, as an absolute decline was

also recorded, this decline was only half as large in Latin America (-3.7 pps to just under 88%) – as the absolute figures continued to rise. The same also applies to the two advanced regions of North America and Western Europe – with one key difference, however: even though the absolute increase was almost identical in both regions at 18.8% and 19.0% respectively, this led to diverging results for the share of the global low wealth class due to the different general population growth: in Western Europe it climbed by as much as 3 pps (to just under 34%), while in North America it remained stable at 29%. This confirms the picture from the analysis of the global high wealth class: the Old Continent has become “poorer” on a global scale.

Figure 33: Population growth overshadows shifts
Global low wealth class, members by region in %



Sources: Eurostat, ECB, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, World Inequality Database, Allianz Research.

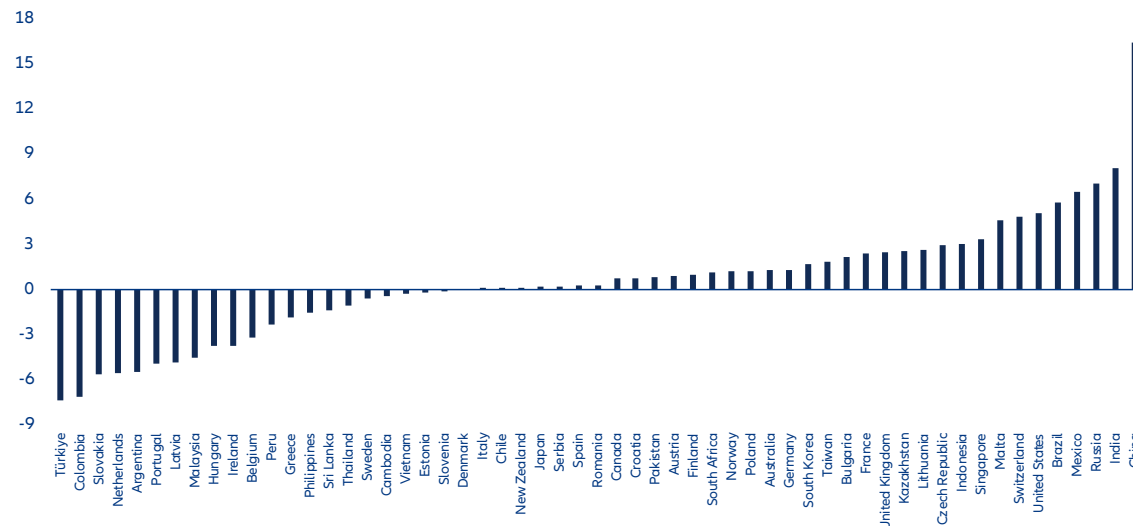
The national perspective: No general trend

At first glance, wealth concentration at national level has hardly changed: In 2003, the richest decile's share of net financial assets was 60.6% (unweighted average of the countries considered here), 20 years later it was 61.1% – an increase of 0.5 pps. Unspectacular. However, this conceals major changes in the individual countries, ranging from a plus of 16.4 pps to a minus of 7.4 pps (Figure 34). In fact, only 18 countries (out of a total of 57) are stable in this respect, with wealth concentration having changed by less than 1 pp. This group of countries mainly includes Western and Eastern European countries, where wealth concentration is relatively low; Japan and New Zealand can also be counted among them. Only Chile stands out in this respect; at over 80%, the wealth share of the top decile is one of the highest in the world.

The largest group comprises the countries in which the share of the top decile has increased (23 countries). In eight of these countries, the increase was significant (over 4 pps). These include mainly the “usual suspects” such as the US, Brazil, Mexico and India. A word about China: Nowhere has the wealth share of the richest 10% risen more sharply (+16.4 pps). The reasons are obvious: The enormous economic and social changes of the last 20 years have not only contributed to an immense increase in wealth in general, but also to the emergence of a genuine “upper class”; at 68.8%, wealth concentration in China is now well above the global average. China shows how difficult it is to reconcile the unleashing of growth forces with the preservation of “fair” distribution. It was primarily the “wild” 2000s of unbridled growth, in which the private sector was still subject to hardly any restrictions, that caused inequality to rise.

Wealth concentration has improved in 16 countries, i.e. the share of the richest decile has fallen. Naturally, the declines are particularly sharp in countries such as Türkiye and Colombia, where wealth concentration was originally very high; however, at 64.6% (Colombia) and 68.0% (Türkiye), they are still well above the global average.

Figure 34: Wide range
Share of top10 in total net financial assets, change in pps



Sources: Eurostat, ECB, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, World Inequality Database, Allianz Research.

The distribution situation is somewhat “friendlier” if the middle or the numerical size of the three large wealth classes low, middle and high is taken into consideration. The respective national average of net financial assets is the benchmark for the classification.

Table 2 provides an overview of how the middle class has changed in terms of the number of its members in the individual countries. What is immediately apparent is that the middle class has remained stable in this regard in the vast majority of countries. This group includes most European countries (both East and West). The rich are getting richer, but this is not accompanied by a crumbling of the middle; there is no evidence of a social decline of broad sections of the population in the wealth data of recent years. On the contrary, there are even a few countries – again mainly in Europe – where the number of members of the middle class has risen in the last 20 years. Norway is the only country where this growth has come from the high wealth class. In all other countries, on the other hand, the growth is attributable to the rise of members from the low wealth class.

Table 2: Stability in the middle I

Stable middle class	Growing middle class	Shrinking middle class
Australia	Argentina	Brazil
Austria	Colombia	Cambodia
Belgium	Ireland	China
Bulgaria	Latvia	India
Canada	Netherlands	Indonesia
Chile	Norway	Vietnam
Croatia	Portugal	Kazakhstan
Czech Republic	Romania	Lithuania
Denmark	Slovakia	Pakistan
Estonia		Russia
Finland		Serbia
France		Sri Lanka
Germany		Türkiye
Greece		United Kingdom
Hungary		United States
Italy		
Japan		
Malaysia		
Malta		
Mexico		
New Zealand		
Peru		
Philippines		
Poland		
Singapore		
Slovenia		
South Africa		
South Korea		
Spain		
Sweden		
Switzerland		
Taiwan		
Thailand		

Source: Allianz Research.

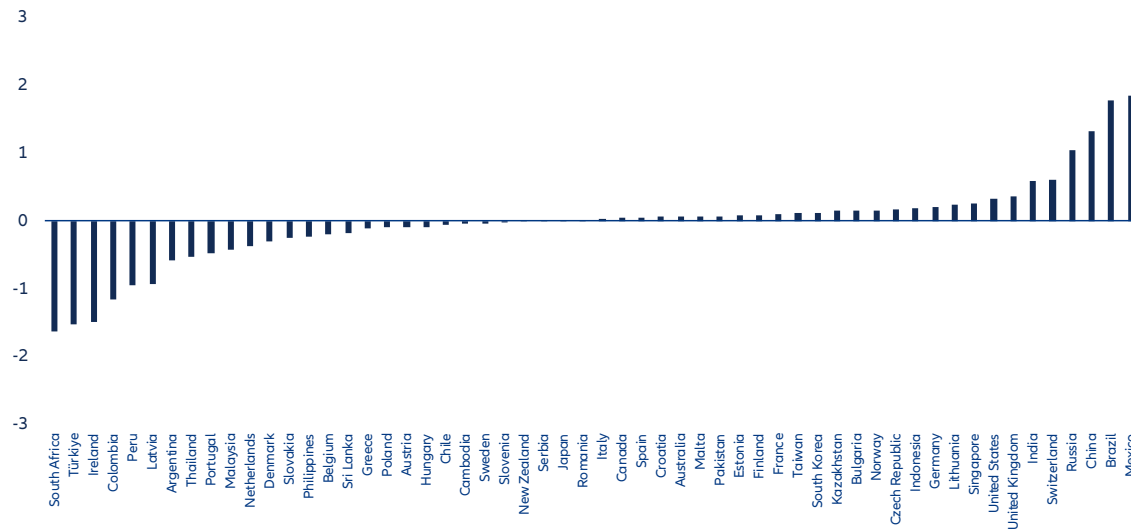
The interesting group, however, is the third, in which the middle class has shrunk in terms of numbers. This is particularly the case in some Asian countries, where the decline has been very sharp in some cases. The reason for this is the rapid growth in wealth over the last two decades. Twenty years ago, there was hardly any private wealth in countries such as Cambodia, Indonesia or Vietnam; this also applies to India and China, at least with regard to the vast majority of the population: everyone was “middle class”, but the middle was poor. It was only with the accumulation of wealth that greater differences in wealth ownership emerged. The rapid growth in wealth went hand in hand with the first differentiation of the population into different wealth classes. Of course, this does not apply to the UK and the USA, where the middle class has also shrunk (albeit not as much), an indication of the still unresolved distribution problem in these countries, although at least the last ten years have been characterized by a certain stability.



The finding of the relative stability of wealth distribution across the board is also supported by the ratio of the mean to the median – a common measure of distribution. This value has hardly changed over the last two decades; it has even fallen minimally from 3.2 (2003) to 3.1 (2023) (unweighted average of the countries under review in each case), i.e. the gap between the mean and median has become slightly smaller in relative terms. But of course this does not apply to all countries (Figure 35). In fact, there are only very few countries in which this ratio has changed significantly (by more than 0.5 pps).

On the one side (deterioration) are India, Switzerland, China and Brazil, countries in which wealth concentration has risen rather sharply; on the other side (improvement) are Türkiye and Colombia, among others. For the majority of countries, however, this value is relatively stable, which indicates that the median and mean have grown more or less synchronously. This underlines once again that the increased concentration of wealth observed in many countries is not due to the middle falling behind, but rather to an extraordinary increase in the wealth of a few at the top of the distribution pyramid.

Figure 35: Stability in the middle II
Ratio between mean and median net financial assets, change in points



Sources: Eurostat, ECB, national central banks, financial supervisory authorities, financial associations and statistical offices, IMF, LSEG, World Inequality Database, Allianz Research.



Appendices

Appendix A: Methodological comments

General assumptions

The Allianz Global Wealth Report analyses gross financial assets held by households, i.e., cash and bank deposits, receivables from insurance companies and pension institutions, securities (shares, bonds and investment funds) and other receivables, and liabilities incurred by households. It is based on data from 57 countries. This group of countries covers 91% of global GDP and 72% of the global population. In 42 countries, we had access to statistics from the macroeconomic financial accounts. In the other countries, we were able to estimate the volume of total financial assets based on information from household surveys, bank statistics, statistics on assets held in equities and bonds and technical reserves.

In order to rule out exchange rate distortions over time, the financial assets were converted into the national currency based on the exchange rate at the end of 2023. The closing date for data to be included in the report is 31 July.

Statistical distinctions

The process associated with the introduction of the European System of Accounts 2010 (ESA 2010) in September 2014 involved updating and harmonizing the guidelines governing the preparation of many macroeconomic statistics. The new requirements also apply to the macroeconomic financial accounts. One change relates to private households: under the ESGV 2010 regulations, the two sectors „Private households“ and „Private organizations without pecuniary reward“ are no longer grouped, but now reported separately. This also has implications for the Allianz Global Wealth Report, which takes data from the macroeconomic financial accounts as a basis where available. For many countries, however – particularly those outside of the EU – there is no separate data available for these sectors in general. So in order to ensure global comparability, this publication analyzes both sectors together under the heading „private households“.

Determination of wealth bands for global wealth classes

Lower wealth threshold: There is a close link between financial assets and the incomes of private households. According to Davies et al. (2009)¹², private individuals with below-average income tend to have no assets at all, or only very few. It is only when individuals move into middle and higher income groups that they start to accumulate any assets to speak of.

We have applied this link to our analysis. Countries in the upper-middle income bracket (based on the World Bank's country classification system) therefore form the group in which the average assets of private households has reached a relevant volume for the first time. This value marks the lower threshold for the global middle wealth class. How high should this value be?

In terms of income, households with incomes that correspond to between 75% and 150% of average net income are generally considered to constitute the middle class. According to Davies et al., households with income corresponding to 75% of the average income have assets that correspond to 30% of the average assets. As far as the upper threshold is concerned, 150% of average income corresponds to 180% of average assets. Consequently, we have set the threshold values for the wealth middle class at 30% and 180% of average per capita assets. If we use net financial assets to calculate the two thresholds, we arrive at an asset range of between EUR9,700 and EUR57,900 for the global middle wealth class in 2023.

Individuals with higher per capita financial assets then belong to the global high wealth class, whereas those with lower per capita financial assets belong to the low wealth class.

¹² Davies, James B. et al. (2009), *The level and distribution of global household wealth*, NBER working paper 15508.

Appendix B1: Gross financial assets and liabilities by country, 2023

	Gross financial assets				Liabilities			
	in EUR bn	yoy in %	EUR per capita	as % of GDP	in EUR bn	yoy in %	EUR per capita	as % of GDP
Argentina	52	181.8	1,160	24.3	10	125.3	210	4.4
Australia	4,464	8.4	171,980	275.8	1,881	4.8	72,480	116.3
Austria	850	3.4	94,790	176.9	219	-1.6	24,380	45.5
Belgium	1,557	4.9	134,550	267.2	353	2.7	30,510	60.6
Brazil	2,572	7.8	12,270	127.1	741	10.6	3,540	36.6
Bulgaria	139	5.8	20,280	148.5	27	13.6	3,870	28.4
Cambodia	38	28.2	2,250	96.7	13	0.4	740	31.9
Canada	6,808	6.3	177,050	343.3	2,074	3.3	53,920	104.6
Chile	493	6.8	25,360	168.9	143	6.3	7,330	48.8
China	33,714	8.2	23,640	211.1	10,224	6.9	7,170	64.0
Colombia	358	0.3	7,000	97.5	122	6.6	2,380	33.1
Croatia	89	7.4	22,680	117.3	25	9.5	6,260	32.4
Czech Republic	443	14.7	42,030	148.3	107	0.9	10,120	35.7
Denmark	1,353	4.0	231,060	361.4	345	3.1	58,860	92.1
Estonia	50	3.6	37,460	132.4	16	5.3	11,760	41.6
Finland	418	3.6	75,420	150.4	212	0.7	38,330	76.4
France	6,835	5.9	103,430	243.8	2,052	1.1	31,050	73.2
Germany	7,953	6.8	95,030	193.0	2,173	0.9	25,970	52.7
Greece	331	7.4	31,300	150.3	107	-1.6	10,160	48.8
Hungary	262	15.0	26,990	133.4	40	3.6	4,130	20.4
India	4,119	12.7	2,910	128.0	1,511	28.5	1,070	47.0
Indonesia	457	4.4	1,650	37.2	197	9.0	710	16.0
Ireland	527	5.5	104,710	104.3	152	6.4	30,260	30.2
Italy	5,629	6.0	94,240	269.9	1,034	0.2	17,310	49.6
Japan	14,220	5.4	113,150	374.2	2,666	1.7	21,210	70.1
Kazakhstan	87	20.9	4,390	36.6	45	26.7	2,260	18.8
Latvia	41	9.2	21,910	102.5	8	4.6	4,290	20.1
Lithuania	76	8.6	27,080	105.0	17	3.7	5,940	23.0
Malaysia	626	5.8	18,250	167.6	302	5.7	8,820	80.9
Malta	43	5.7	81,140	219.5	12	7.2	22,410	60.6
Mexico	1,698	12.2	13,300	100.0	327	9.6	2,560	19.3
Netherlands	3,139	6.8	177,040	303.9	1,060	1.4	59,760	102.6
New Zealand	821	-0.3	160,700	353.3	170	3.7	33,270	73.2
Norway	630	7.2	116,510	137.8	422	3.6	77,980	92.2
Pakistan	132	16.1	550	48.7	9	2.2	40	3.5
Peru	106	6.8	3,210	43.4	41	7.1	1,250	16.9
Philippines	327	13.2	2,890	82.4	108	12.9	950	27.1
Poland	706	7.4	18,550	90.3	190	-0.8	4,990	24.3
Portugal	508	3.8	48,890	191.2	181	-0.3	17,430	68.2
Romania	239	8.2	12,400	75.0	57	3.2	2,960	17.9
Russia	1,547	22.6	10,610	89.3	402	22.5	2,760	23.2
Serbia	25	13.0	3,730	36.6	13	1.1	1,840	18.1
Singapore	1,204	5.8	216,990	260.5	250	1.0	45,060	54.1
Slovakia	107	4.0	19,720	87.9	57	6.6	10,560	47.0
Slovenia	79	6.8	37,210	124.6	17	4.7	8,240	27.6
South Africa	742	8.3	12,060	215.0	141	5.6	2,300	40.9
South Korea	3,658	4.7	70,550	232.7	1,629	-0.7	31,410	103.6
Spain	2,830	5.8	59,290	193.6	744	-2.4	15,590	50.9
Sri Lanka	46	10.7	2,030	59.7	7	-2.1	300	8.7
Sweden	1,801	7.7	172,910	318.5	492	0.6	47,250	87.0
Switzerland	3,334	2.2	382,910	389.7	1,110	1.8	127,470	129.7
Taiwan	4,154	9.3	176,340	597.5	650	6.3	27,590	93.5
Thailand	745	-1.9	10,390	156.8	434	3.0	6,050	91.3
Türkiye	381	68.7	4,390	47.3	99	76.5	1,150	12.4
United Kingdom	8,009	1.5	118,360	258.0	2,588	1.7	38,250	83.4
United States	107,127	8.6	314,930	432.6	18,576	2.9	54,610	75.0
Vietnam	366	10.8	3,700	95.9	203	13.8	2,050	53.1

Appendix B2: Net financial assets by country, 2023

	Net financial assets			Gini coefficient of wealth distribution	GDP
	in EUR bn	yoy in %	EUR per capita	(2022) in %	EUR per capita
Argentina	43	198.5	940	74.0	4,730
Australia	2,582	11.1	99,490	72.9	61,190
Austria	631	5.2	70,410	77.1	52,630
Belgium	1,204	5.5	104,040	67.4	49,740
Brazil	1,831	6.8	8,740	90.3	9,580
Bulgaria	113	4.1	16,410	74.1	13,820
Cambodia	26	48.4	1,510	74.4	2,270
Canada	4,735	7.8	123,130	73.7	50,470
Chile	351	7.0	18,030	91.0	14,860
China	23,490	8.7	16,470	76.5	11,230
Colombia	237	-2.6	4,630	77.7	7,020
Croatia	64	6.7	16,410	74.9	19,470
Czech Republic	336	20.0	31,910	73.8	27,620
Denmark	1,009	4.3	172,200	70.6	62,960
Estonia	34	2.8	25,690	83.0	27,560
Finland	206	6.7	37,090	75.2	49,600
France	4,783	8.2	72,380	72.1	42,190
Germany	5,780	9.2	69,060	74.0	48,740
Greece	224	12.4	21,140	85.1	21,510
Hungary	222	17.3	22,860	79.1	20,270
India	2,607	5.2	1,840	75.3	2,240
Indonesia	260	1.1	940	75.5	4,370
Ireland	374	5.2	74,450	87.6	97,110
Italy	4,595	7.4	76,930	75.3	35,050
Japan	11,555	6.2	91,940	73.9	30,560
Kazakhstan	42	15.3	2,130	75.1	11,650
Latvia	33	10.4	17,620	73.3	21,410
Lithuania	59	10.1	21,140	76.5	25,240
Malaysia	323	5.8	9,430	75.7	10,630
Malta	31	5.2	58,730	65.5	36,370
Mexico	1,371	12.8	10,740	89.8	13,090
Netherlands	2,079	9.8	117,270	61.3	57,090
New Zealand	651	-1.3	127,430	72.6	44,910
Norway	208	15.2	38,530	72.5	82,830
Pakistan	122	17.4	510	74.6	1,090
Peru	65	6.6	1,960	88.0	7,240
Philippines	220	13.3	1,940	77.0	3,460
Poland	516	10.8	13,570	84.9	20,170
Portugal	327	6.2	31,460	76.0	25,480
Romania	182	9.9	9,440	73.3	16,640
Russia	1,145	22.6	7,850	82.8	11,910
Serbia	13	27.5	1,890	72.7	10,260
Singapore	954	7.1	171,930	76.5	79,820
Slovakia	50	1.2	9,160	68.1	22,140
Slovenia	61	7.4	28,970	72.9	29,780
South Africa	601	8.9	9,770	93.6	5,460
South Korea	2,029	9.4	39,140	74.3	30,380
Spain	2,086	9.1	43,690	70.4	30,510
Sri Lanka	39	13.3	1,730	77.8	3,360
Sweden	1,309	10.6	125,660	74.0	53,590
Switzerland	2,224	2.5	255,440	76.5	96,430
Taiwan	3,504	9.9	148,750	73.4	29,820
Thailand	311	-7.9	4,340	86.3	6,630
Türkiye	281	66.2	3,240	80.2	9,230
United Kingdom	5,421	1.4	80,110	72.7	45,200
United States	88,552	9.8	260,320	82.7	72,100
Vietnam	163	7.4	1,650	74.5	3,800

Appendix C: Global ranking 2023

... by net financial assets per capita, in EUR			... by gross financial assets per capita, in EUR		
1	United States	260,320	1	Switzerland	382,910
2	Switzerland	255,440	2	United States	314,930
3	Denmark	172,200	3	Denmark	231,060
4	Singapore	171,930	4	Singapore	216,990
5	Taiwan	148,750	5	Canada	177,050
6	New Zealand	127,430	6	Netherlands	177,040
7	Sweden	125,660	7	Taiwan	176,340
8	Canada	123,130	8	Sweden	172,910
9	Netherlands	117,270	9	Australia	171,980
10	Belgium	104,040	10	New Zealand	160,700
11	Australia	99,490	11	Belgium	134,550
12	Japan	91,940	12	United Kingdom	118,360
13	United Kingdom	80,110	13	Norway	116,510
14	Italy	76,930	14	Japan	113,150
15	Ireland	74,450	15	Ireland	104,710
16	France	72,380	16	France	103,430
17	Austria	70,410	17	Germany	95,030
18	Germany	69,060	18	Austria	94,790
19	Malta	58,730	19	Italy	94,240
20	Spain	43,690	20	Malta	81,140
21	South Korea	39,140	21	Finland	75,420
22	Norway	38,530	22	South Korea	70,550
23	Finland	37,090	23	Spain	59,290
24	Czech Republic	31,910	24	Portugal	48,890
25	Portugal	31,460	25	Czech Republic	42,030
26	Slovenia	28,970	26	Estonia	37,460
27	Estonia	25,690	27	Slovenia	37,210
28	Hungary	22,860	28	Greece	31,300
29	Greece	21,140	29	Lithuania	27,080
30	Lithuania	21,140	30	Hungary	26,990
31	Chile	18,030	31	Chile	25,360
32	Latvia	17,620	32	China	23,640
33	China	16,470	33	Croatia	22,680
34	Croatia	16,410	34	Latvia	21,910
35	Bulgaria	16,410	35	Bulgaria	20,280
36	Poland	13,570	36	Slovakia	19,720
37	Mexico	10,740	37	Poland	18,550
38	South Africa	9,770	38	Malaysia	18,250
39	Romania	9,440	39	Mexico	13,300
40	Malaysia	9,430	40	Romania	12,400
41	Slovakia	9,160	41	Brazil	12,270
42	Brazil	8,740	42	South Africa	12,060
43	Russia	7,850	43	Russia	10,610
44	Colombia	4,630	44	Thailand	10,390
45	Thailand	4,340	45	Colombia	7,000
46	Türkiye	3,240	46	Türkiye	4,390
47	Kazakhstan	2,130	47	Kazakhstan	4,390
48	Peru	1,960	48	Serbia	3,730
49	Philippines	1,940	49	Vietnam	3,700
50	Serbia	1,890	50	Peru	3,210
51	India	1,840	51	India	2,910
52	Sri Lanka	1,730	52	Philippines	2,890
53	Vietnam	1,650	53	Cambodia	2,250
54	Cambodia	1,510	54	Sri Lanka	2,030
55	Argentina	940	55	Indonesia	1,650
56	Indonesia	940	56	Argentina	1,160
57	Pakistan	510	57	Pakistan	550

A close-up photograph of several hands of different skin tones stacked on top of each other, resting on the rough bark of a tree trunk. The background is a lush green forest with sunlight filtering through the leaves. The text 'Our team' is overlaid on the image.

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