

HOUSEHOLD DEBT

This household leverage ratio measures the indebtedness of households in relation with their income, that is their spending and saving capacity. High leverage ratios are often interpreted as a sign of financial vulnerability though not only debt and liabilities but also assets should be considered in such an assessment. High indebtedness levels generally increase the financing costs of the borrower, deteriorate balance sheet positions and may restrict access to new financing.

The household debt-to-GDI ratio shows the debt of households and non-profit institutions serving households (NPISHs), as a percentage of their Gross Disposable Income (GDI).

Definition

Debt is a commonly used concept, defined as a specific subset of liabilities identified according to the types of financial instruments included or excluded. Generally, debt is defined as all liabilities that require payment or

Overview

Households remain highly indebted in a large number of OECD economies. In 2010, the ratio of household debt to gross disposable income (GDI) is far higher than the average of OECD countries, in Denmark, the Netherlands, Ireland and Norway. Mexico has the lowest debt ratio at 9.4% in 2009.

The level of household debt rose in most OECD countries over the period 2007-10. As a percentage of GDI, the Netherlands and Greece recorded the largest increases during this period (respectively around 35 and 21 percentage points). Hungary, Poland and the Slovak Republic showed increases of 18 percentage points. A net fall was observed in the United Kingdom (minus 15 percentage points) and the United States (minus 14 percentage points), and to a (far) lesser extent in Germany, Norway, Spain and Japan.

According to the most recent figures, long-term loans, mainly consisting of mortgage loans, remain the largest component of household debt, contributing more than 80% of the total household debt in twenty OECD countries and even more than 90% in eleven countries. The highest level was recorded in Luxembourg (96% in 2010) and the lowest ratios were observed in the Slovak Republic (61%), and Italy (70%). In the Netherlands, the contribution of long-term loans to the total household debt, while decreasing since 2007, is still above 92%. The same tendency can be observed since 2008 in two other countries (Estonia and the United States at around 90% and 73% respectively).

payments of interest or principal by the debtor to the creditor at a date or dates in the future.

Consequently, all debt instruments are liabilities, but some liabilities such as shares, equity and financial derivatives are not considered as debt. Debt is thus obtained as the sum of the following liability categories (according to the 1993 *System of National Accounts*), whenever available/applicable in the financial balance sheet of the households and NPISHs sector: currency and deposits; securities other than shares, except financial derivatives; loans; insurance technical reserves; and other accounts payable. For the households sector, liabilities predominantly consist of loans, and more particularly mortgage loans for the purchase of houses.

According to the 1993 SNA, most debt instruments are valued at market prices.

Comparability

As a number of OECD countries are not able to provide a breakdown between households and NPISHs, household debt refers to the aggregated sector "Households and NPISHs" to ensure the highest level of comparability between countries.

Sources

- OECD (2012), *National Accounts of OECD Countries*, OECD Publishing.

Further information

Analytical publications

- OECD (2012), *Economic Policy Reforms*, OECD Publishing.
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- OECD (2012), *OECD Economic Surveys*, OECD Publishing.
- Sebastian Schich and Jung-Hyun Ahn (2007), "Housing Markets and Household Debt: Short-term and Long-term Risks", *Financial Market Trends*, Vol. 2007/1.

Statistical publications

- OECD (2012), *Quarterly National Accounts*, OECD Publishing.
- OECD (2011), *National Accounts at a Glance*, OECD Publishing.

Methodological publications

- OECD (2000), *System of National Accounts, 1993 - Glossary*, OECD Publishing.
- United Nations, OECD, International Monetary Fund and Eurostat (eds.) (2010), *System of National Accounts 2008*, United Nations, Geneva.

Online databases

- OECD National Accounts Statistics.

**Household debt***Debt of households and non-profit institutions serving households, as a percentage of gross disposable income*

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	103.7	108.4	114.3	126.3	138.0	150.0	156.3	160.6	170.9	167.3	..	..	..
Austria	71.9	73.8	75.6	77.5	77.0	80.3	85.2	86.5	86.1	87.5	88.8	91.4	..
Belgium	67.3	65.2	61.3	62.8	65.8	68.9	73.6	76.8	80.0	82.0	82.7	86.9	..
Canada	110.9	109.8	111.1	113.9	117.3	120.9	125.9	128.6	134.1	137.9	144.5	146.5	..
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	19.3	20.0	20.7	25.5	27.5	32.6	37.8	42.2	51.4	56.5	60.0	60.5	..
Denmark	..	..	..	..	238.5	251.8	267.0	284.1	308.3	314.9	322.1	309.5	..
Estonia	16.1	20.2	23.8	30.7	39.3	51.5	67.6	89.6	99.3	100.8	105.2	102.0	..
Finland	61.8	64.6	64.8	69.7	74.0	82.0	91.8	101.1	105.7	108.1	108.4	110.2	..
France	68.1	66.0	66.1	67.5	70.5	72.6	78.6	82.9	86.8	86.5	90.3	93.6	..
Germany	107.6	109.0	106.7	106.7	105.5	104.0	101.5	99.2	96.1	92.8	93.3	91.1	..
Greece	..	..	..	..	..	..	57.7	65.7	69.5	77.3	77.6	90.9	..
Hungary	12.7	15.2	18.2	24.2	33.1	38.4	44.0	50.0	57.6	70.2	70.7	75.5	..
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	..	115.0	135.6	154.5	181.2	197.5	209.9	208.8	221.0	217.8	..
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	49.0	52.8	54.6	57.1	60.2	63.9	68.4	73.1	77.4	78.2	83.3	85.9	..
Japan	..	..	130.4	129.6	128.2	127.7	128.2	127.7	124.3	122.9	123.2	121.3	..
Korea	..	..	..	125.0	120.5	116.4	123.2	131.3	139.0	142.6	146.9	150.8	156.3
Luxembourg	..	..	..	..	..	..	..	118.5	126.2	126.7	132.2	..	..
Mexico	..	..	..	..	7.3	7.4	8.4	10.4	11.4	9.4	9.4	..	..
Netherlands	153.5	163.7	166.1	178.2	197.4	208.8	226.4	238.5	242.4	253.5	270.3	277.3	..
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	130.8	135.1	146.5	147.0	150.3	159.5	164.0	191.3	199.9	198.1	196.1	196.3	200.0
Poland	10.4	11.5	17.1	21.7	19.1	20.6	23.7	29.7	37.5	49.2	51.3	55.5	..
Portugal	97.6	106.4	110.7	112.9	118.5	123.7	128.8	136.9	143.3	142.0	145.6	142.9	139.5
Slovak Republic	14.1	20.1	21.0	25.9	29.5	28.7	37.9	51.0	58.4	64.4	73.6	75.9	..
Slovenia	..	..	30.4	30.7	32.4	32.8	36.9	41.1	47.0	48.4	51.3	53.7	..
Spain	..	81.5	84.5	91.0	99.0	109.2	120.9	134.0	139.5	135.0	132.1	136.3	..
Sweden	102.0	105.5	115.7	117.0	124.3	133.1	143.0	150.4	154.3	155.8	160.9	168.4	..
Switzerland	177.4	173.9	172.3	178.8	189.9	189.6	193.2	192.8	188.2	186.5	190.5	..	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	108.5	111.7	115.7	127.3	138.1	151.3	153.9	166.2	172.2	169.0	162.0	157.0	..
United States	99.2	100.5	104.2	109.0	116.5	123.0	129.9	134.0	136.4	127.8	128.5	122.5	..
EU 27	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	..	..	..	..	..	..	..	..	..	..	..	..	..
Brazil	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..	..	..	..

StatLink <http://dx.doi.org/10.1787/888932707135>**Households and NPISHs debt***As a percentage of gross disposable income*StatLink <http://dx.doi.org/10.1787/888932707154>



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