

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.

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 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 non-profit institutions serving households (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.

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.

Overview

Households remain highly indebted in a large number of OECD economies. In 2011, the ratio of household debt to net disposable income (NDI) was far higher than the OECD average (135%), in Denmark, the Netherlands, Ireland, Norway, and Switzerland. The Slovak Republic had the lowest debt ratio at 49.4% in 2011.

The level of household debt rose in most OECD countries over the period 2007-11. As a percentage of NDI, the Netherlands and Greece recorded the largest increases during this period (respectively around 41 and 34 percentage points). Poland showed an increase of 22 percentage points, followed by Korea with 17 percentage points. A net fall of 24 percentage points was observed in the United Kingdom and the United States, and to a (far) lesser extent in Germany, Denmark and Spain.

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 six OECD countries and even more than 90% in ten countries. In 2012, the highest levels were recorded in Switzerland (99.8%) and Canada (96.9%) and the lowest ratios were observed in Italy (69.9%), and the United States (70.7%).

Sources

- OECD (2013), “Financial Balance Sheets”, *OECD National Accounts Statistics* (Database).

Further information

Analytical publications

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Statistical publications

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- OECD (2013), *National Accounts at a Glance*, OECD Publishing.

Methodological publications

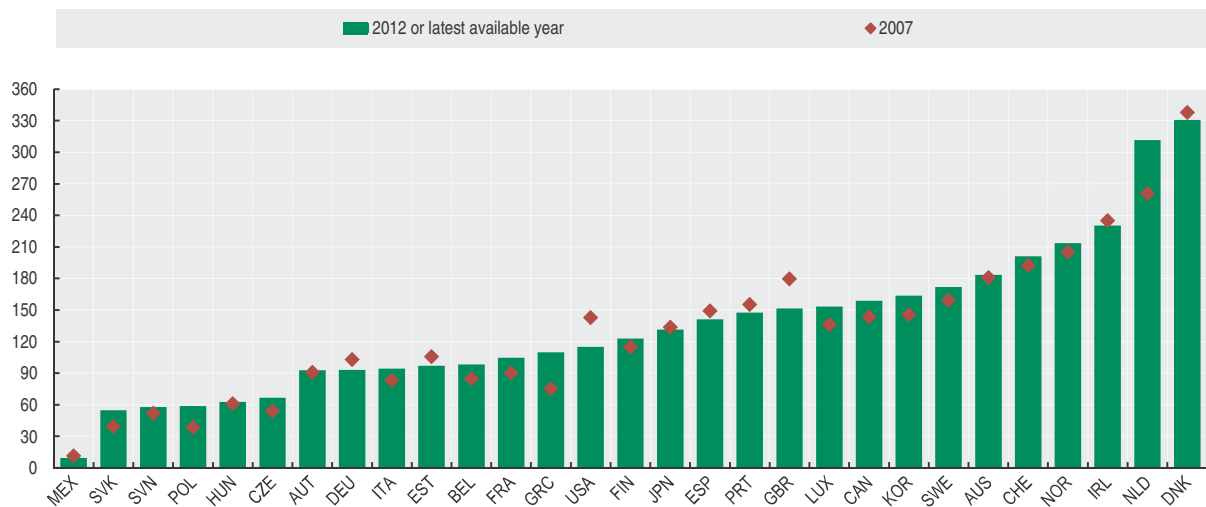
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Online databases

- *OECD National Accounts Statistics*.
- *OECD Financial Dashboard*

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	118.5	125.5	140.9	152.8	164.4	172.5	176.2	180.7	176.3	182.8	183.5	..	..
Austria	77.9	79.9	82.0	81.5	84.9	90.1	91.4	90.9	92.5	92.3	95.7	95.6	92.8
Belgium	68.6	64.4	66.2	69.4	72.8	78.0	81.4	84.9	87.1	87.8	92.9	97.7	98.2
Canada	109.4	109.5	113.7	119.0	124.2	132.0	135.5	143.5	148.3	157.7	158.9	..	..
Chile	..	..	..	..	..	..	..	..	58.9	57.2	57.5	56.8	..
Czech Republic	21.1	21.8	27.0	29.0	34.4	39.8	44.3	54.0	59.4	61.3	63.1	66.2	66.7
Denmark	..	..	..	260.0	274.3	290.5	310.0	338.0	347.8	355.6	339.2	330.8	..
Estonia	20.7	24.6	31.6	40.7	55.1	72.0	95.5	105.7	107.8	111.6	107.4	99.1	97.0
Finland	70.0	70.3	75.4	79.9	88.5	99.5	109.7	114.9	117.5	117.5	118.7	120.6	122.9
France	68.4	68.5	70.0	73.1	75.4	81.6	86.2	90.3	90.1	97.6	102.9	103.7	104.5
Germany	116.4	114.0	113.9	112.5	111.0	108.3	105.9	103.0	99.4	99.7	97.1	94.5	93.2
Greece	..	..	..	..	..	63.0	70.0	75.3	82.1	84.0	101.1	108.8	109.7
Hungary	16.1	19.3	25.6	34.9	40.5	46.4	52.8	60.9	74.4	74.9	78.8	72.7	62.6
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	127.3	148.6	171.4	200.9	224.7	235.0	230.0	238.3	234.6	234.3	230.4
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	56.6	58.4	61.2	64.5	68.5	73.5	78.7	83.2	84.1	89.5	92.6	92.7	94.4
Japan	..	140.7	139.5	138.1	137.4	137.9	137.3	133.6	132.2	132.4	131.9	131.5	..
Korea	..	..	131.2	126.5	122.0	129.1	137.5	145.7	149.7	154.1	158.0	162.9	163.8
Luxembourg	..	..	..	..	..	..	127.5	136.1	135.8	142.9	145.0	150.6	153.4
Mexico	..	..	..	7.5	7.6	8.5	10.6	11.6	9.5	9.5	..	..	..
Netherlands	174.3	176.5	190.0	211.0	223.8	243.1	256.6	260.8	273.3	293.1	299.2	302.1	311.5
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	135.2	147.1	147.2	150.4	160.7	166.5	197.4	205.1	203.1	200.8	204.6	208.8	213.7
Poland	11.8	17.6	22.2	19.6	21.1	24.4	30.4	38.5	50.5	52.6	57.1	60.6	58.9
Portugal	114.6	119.2	121.7	127.9	133.6	139.3	148.4	155.2	153.9	157.9	155.2	152.5	147.6
Slovak Republic	21.2	22.9	25.7	29.2	27.0	30.5	33.3	39.3	44.0	43.9	45.7	49.4	54.8
Slovenia	..	32.8	33.1	35.0	35.6	39.9	44.5	51.9	53.8	56.3	59.1	57.5	57.8
Spain	86.1	89.4	96.4	105.1	116.3	129.1	143.4	149.3	144.0	141.2	146.3	142.3	141.1
Sweden	108.7	119.2	121.6	128.0	137.3	147.5	155.3	159.4	161.0	166.4	174.0	173.2	172.0
Switzerland	182.8	181.3	189.2	201.1	199.6	204.0	201.9	192.5	190.2	194.5	198.5	201.2	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	115.7	121.6	133.9	145.1	157.4	160.4	171.7	179.8	174.9	167.9	160.1	155.9	151.5
United States	103.6	107.2	112.5	120.2	126.8	134.6	139.7	142.8	134.8	133.3	127.1	119.2	114.9
EU 28	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	..	..	..	..	..	..	..	..	..	..	..	..	..
Brazil	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..	..	..	..

StatLink <http://dx.doi.org/10.1787/888933027665>**Households and NPISHs debt***As a percentage of net disposable income*StatLink <http://dx.doi.org/10.1787/888933025100>



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