

Communications

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Swiss financial accounts for 2004

Pension funds make up half of household financial assets

The Swiss National Bank (SNB) is publishing Switzerland's financial accounts for the second time. The accounts detail the scope and structure of the financial assets and liabilities of the different economic sectors. Non-financial assets are not included in the financial accounts. The stock data published in these accounts cover the period 1999–2004.

The 'Swiss Financial Accounts, year-end stocks of financial assets and liabilities for 2004' table shows the structure of the financial assets and liabilities of the different sectors, which is not significantly different from that of the previous year. In this press release, we draw attention to some aspects of the structure as well as a few selected developments.

Household financial assets

At the end of 2004, the financial assets held by households totalled CHF 1,581 billion. This level was CHF 49 billion higher than a year previously and CHF 22 billion above the previous peak recorded at the end of 2000. Claims against insurance corporations and pension funds (insurance technical reserves) rose by CHF 16 billion to CHF 672 billion (graph 1). Approximately three-quarters of this figure relates to occupational pension schemes (pillar 2). Deposits with banks and PostFinance increased by CHF 11 billion. Turning to securities, a striking development was the marked increase in mutual fund shares, by CHF 23 billion. The value of shares also rose to some extent, due to developments on stock exchanges. However, the downward trend persisted in the case of debt securities.

At the end of 2004, household liabilities amounted to CHF 558 billion. Mortgages – which account for 90% of total household liabilities – were up by a further CHF 16 billion. Home ownership continued to be attractive due to the low level of interest rates. The other types of loans (collateralised loans, other secured loans and consumer credits) remained stable.

21 November 2006

2

Once again, there was a substantial rise in the level of household net financial assets (financial assets less liabilities), by CHF 34 billion to CHF 1,024 billion. Nevertheless, the figure did not quite attain the previous record level of CHF 1,079 billion recorded at the end of 2000. Per capita net financial assets rose by CHF 3,600 to CHF 138,100. This is, of course, an average figure. It should be noted, moreover, that half of these net financial assets are not freely disposable, since they are tied up in occupational pension schemes.

Investments by insurance corporations and pension funds

The financial corporation sector comprises the Swiss National Bank, commercial banks, investment funds, finance and asset management companies, insurance corporations and pension funds. Due to the fact that these institutions perform a financial intermediary role, the stocks of financial assets and liabilities in this sector are higher than those of any other.

One of the relationships revealed by the detailed figures in the financial accounts is the way in which stock exchange prices and investment policies in recent years have impacted upon the investments of insurance corporations and pension funds. Since the end of 2000, investments in debt securities have risen continuously, attaining a level of CHF 305 billion at the end of 2004 (graph 2). In 2001 and 2002, the value of shares had fallen substantially due to declining prices. In the following two years, holdings of shares were reduced. As a result, direct investments in shares dropped back to CHF 116 billion by the end of 2004, despite rising prices on the stock exchanges. By contrast, holdings of collective capital investments (mutual fund shares) increased markedly in 2003 and 2004. At the end of 2004, they amounted to CHF 151 billion.

Financial assets and liabilities of general government

The financial assets of general government (central government, cantons, municipalities and social security funds) remained stable at CHF 185 billion. The biggest item under financial assets was participating interests in public enterprises held by central government and the cantons (CHF 50 billion). Financial assets also include claims of central government and the cantons to SNB reserves not required for monetary policy. General government liabilities rose by CHF 12 billion to CHF 262 billion. Once again, the greatest increase was recorded by Swiss Confederation bonds.

Corporate funding

Total financial assets held by non-financial corporations (private and public enterprises) amounted to CHF 590 billion at the end of 2004. Of this, CHF 260 billion related to shares and other equity (largely participating interests abroad). Liabilities attained a level of CHF 1,021 billion, thereby exceeding financial assets by CHF 430 billion. Of this total, approximately two-thirds was accounted for by share capital, whose market value rose slightly due to the increase in stock exchange prices. Companies reduced their volume of borrowing by CHF 5 billion to CHF 262 billion. A major reason for this was the favourable level of earnings which allowed companies to finance investments internally.

21 November 2006

3

The complete report on the Swiss financial accounts will be made available online at www.snb.ch (under *Publications*) on 21 November 2006, at 11.00 a.m., while the printed version may be obtained from the Swiss National Bank from 28 November 2006. Subscribers to the SNB's *Monthly Statistical Bulletin* will receive the report automatically.

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Appendix:

Table Swiss financial accounts

Year-end stocks of financial assets and liabilities for 2004

Graph 1 Financial assets of households

Graph 2 Investments by insurance corporations and pension funds

Swiss financial accounts

Year-end stocks of financial assets and liabilities for 2004 in CHF billions

	Domestic sectors					Rest of the world ¹
	Non-financial corporations	Financial corporations	General government	Households ²	Total	
1. Financial assets						
Monetary gold and special drawing rights	.	22	.	.	22	.
Currency and deposits	146	714	18	410	1 288	653
Debt securities	46	607	9	131	792	61
Loans	111	1 075	32	..	1 218	144
Shares and other equity (excluding mutual fund shares)	260	555	88	209	1 113	672
Mutual fund shares	20	189	2	159	369	60
Insurance technical reserves	7	672	679	92
Financial derivatives, other accounts receivable	..	49	37	..	86	42
Total	590	3 210	185	1 581	5 567	1 724
2. Liabilities						
Currency and deposits	40	1 370	6	.	1 416	525
Debt securities	44	149	149	..	342	512
Loans	262	115	81	548	1 006	356
Shares and other equity (excluding mutual fund shares)	673	448	.	..	1 121	663
Mutual fund shares	.	270	.	.	270	160
Insurance technical reserves	.	771	.	.	771	..
Financial derivatives, other accounts payable	2	60	25	9	97	31
Total	1 021	3 182	262	558	5 022	2 247
3. Net financial assets	-430	28	-77	1 024	545	-523

1 Classification as financial asset or liability from the perspective of the rest of the world

2 Including non-profit institutions serving households

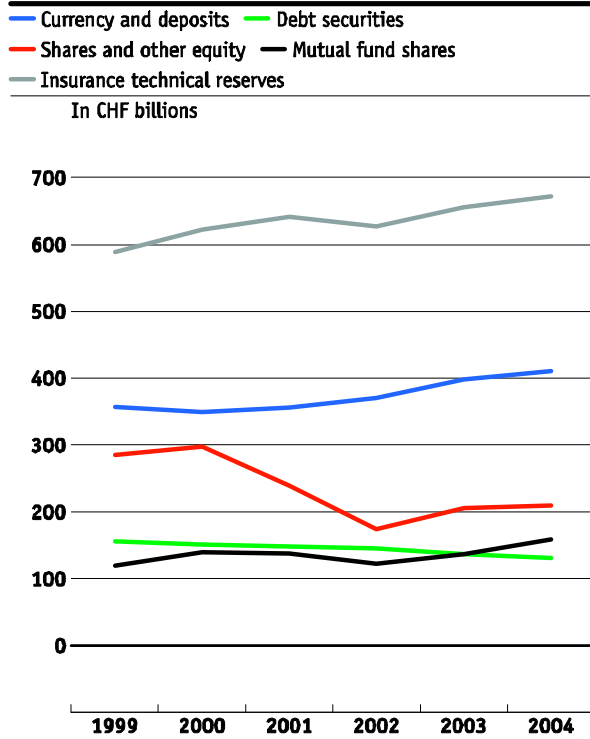
Explanation of symbols

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.. Currently no data available

Graph 1

Financial assets of households



Graph 2

Investments by insurance corporations and pension funds

