



## BOX 1: HOUSEHOLD WEALTH IN MALTA – EVIDENCE FROM THE LATEST WAVE OF THE HFCS<sup>1</sup>

This box analyses data on wealth for Maltese households as reported in the fourth wave of the Household Finance and Consumption Survey (HFCS) for Malta.

The HFCS is a joint project co-ordinated by the European Central Bank and involves national central banks and national statistical institutes of all euro area countries and selected non-euro area EU member states. The HFCS collects granular information on households' financial position, income and spending.<sup>2</sup> It is the only source of information for wealth and its distribution across socio-economic characteristics at household level for Malta.

The Survey is conducted every three to four years. In Malta, the fieldwork for this wave was conducted between November 2020 and February 2021, with values for assets and liabilities referring to the position at the end of October 2020.<sup>3</sup>

### Wealth by socio-demographic characteristics

Household net wealth is the value of all real and financial assets held by the household, less the value of all their outstanding liabilities. Real assets include all valuables (houses, vehicles, work of art, jewellery) and participation in non-publicly traded business. Financial assets include all financial investments (deposits, savings, retirement savings plans, mutual funds, listed shares). Debt includes loans for home/car purchases, and all other types of debt (credit cards, overdraft).

Table 1 reports the mean and median values of household net wealth for the last HFCS vintage across population structures. In 2020, the median value stood at €273,600 and the mean at around €413,000.

Income is a determining factor of wealth as both the mean and median wealth increase across income quintiles, peaking at a median value of €453,314 for the highest income quintile.

Wealth also varies according to the age of the reference person. Median net wealth in 2020 was highest in the 45-54 age bracket at €343,500. The mean value of wealth is however highest for those households whose reference person is aged between 55 and 64, for which the mean value of net wealth stood at €506,131 in 2020.

The households' net wealth is also positively correlated with the educational attainment of the reference person. Households whose reference person has managed to obtain university level education have a median net wealth of €338,750, which is almost 41% higher

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<sup>2</sup> More detailed information on the HFCS can be retrieved from the ECB's [HFCS page](#).

<sup>3</sup> More information, data and studies on the HFCS in Malta are available from the CBM dedicated HFCS [page](#).

**Table 1**  
**NET WEALTH: POPULATION STRUCTURES, 2021**

EUR

	Mean	Median
<b>Age of the Reference Person</b>		
Under 35	233,931	186,775
35 - 44	391,445	269,250
45 - 54	451,034	343,500
55 - 64	506,131	325,900
65 - 74	425,109	306,300
Over 75	423,944	223,400
<b>Labour Market Situation of Reference Person</b>		
Employee	372,241	253,700
Self-Employed	746,020	449,000
Retired	444,226	287,800
Other <sup>(1)</sup>	335,303	266,500
<b>Level of Education of the Reference Person</b>		
Below secondary education	341,971	240,550
Secondary Education	400,630	316,000
University Education	614,071	338,750
<b>Status of the Main Residence</b>		
Owncship (Full or Part)	510,430	351,800
Other <sup>(2)</sup>	46,490	10,000
<b>Number of household members in employment</b>		
None	372,990	234,100
One	385,115	252,000
Two	453,509	324,250
Three or more	487,905	337,550
<b>Number of household members</b>		
One	276,192	184,000
Two	432,745	303,500
Three	469,091	330,250
Four	786,174	463,250
Five or more	402,948	356,500
<b>Gross Income Quintile</b>		
1st quintile (less than 20)	244,358	159,000
2nd quintile (between 20 and 40)	356,375	253,450
3rd quintile (between 40 and 60)	366,792	265,100
4th quintile (between 60 and 80)	372,316	303,500
5th quintile (between 80 and 100)	723,717	453,314
<b>All Households</b>	<b>412,999</b>	<b>273,600</b>
<b>S.E.</b>	<b>0.73</b>	<b>0.16</b>

Source: Authors' calculations based on MT-HFCS data.

'Reference Person' is taken to be the person that replied to the questionnaire on behalf of the household.

S.E. shows standard errors for the results of all households.

<sup>(1)</sup> Includes: unemployed, maternity or sick leave, students, unpaid family workers, etc.

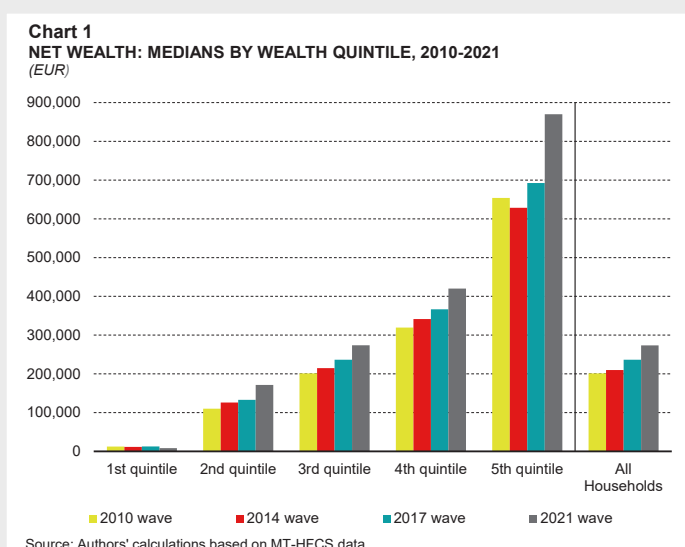
<sup>(2)</sup> Renter/free use.

than that of households whose reference person has below secondary level education. The mean shows a larger gap of around 80%.

The median net wealth of those households whose reference person is self-employed stood at €449,000, which is significantly higher than that of those persons which are in employment (€253,700). Households whose reference person is retired also reported higher median net wealth than those in employment. As expected, both the mean and median values of net wealth increase as the number of household members in employment increases.

### Wealth across waves

The median value of net wealth has been increasing consistently across the four waves. In 2020, the median value stood at €273,600, which is 33.5% higher than that reported in 2010. All wealth quintiles experienced an increase in their median wealth over the span of 10 years, except for the first wealth quintile (see Chart 1). However, the most notable increase can be observed in the second wealth quintile, whereby the median value of net wealth increased by 55.6% between 2010 and 2020.



Meanwhile, median net wealth rose by 15.7% between 2017 and 2020, with the second wealth quintile, with 28.9%, showing the most significant increase, followed by the 5th quintile with an increase of 25.6%. For the third quintile the median value increased by 15.7% to reach €273,750, while that for the fourth quintile rose by 14.6% to reach €420,200. Conversely, the bottom quintile reported a decline in net wealth from €12,612 in 2017, to a median net wealth of €8,250 in 2020.

### Panel component

The Survey includes a panel component, which allows to measure the change in wealth for this subset of households across the past two waves.<sup>4</sup> The median net wealth of all households in the panel component has increased by around 40% to €269,250, from €190,969 in 2017. All wealth quintiles within the panel component reported an increase in their median wealth, except for the lowest wealth quintile which, reported a slight decrease of €571.

<sup>4</sup> The panel component for 2021, that is households who also participated in the 2017 wave, made up 33% of interviewed households.

While half of the households in the panel component remained in the same wealth quintile that they formed part of in the 2017 wave, 36% managed to move up the wealth ladder. The change was generally of one quintile, while a small proportion were even able to move up by two or three quintiles. Conversely, 15% of households in the panel component now fall within lower wealth quintiles. The number of households within the panel component belonging to the bottom quintile decreased from 2017 to 2020, while the number of households belonging to the highest quintile increased significantly by almost 60%.

### Wealth composition

The relative importance of the components of assets and liabilities which make up wealth has remained largely the same across the last two waves. In both waves, the main residence was the biggest contributor to net wealth (see Chart 2).<sup>5</sup> The median value of such real asset has in fact increased from €200,000 in 2017, to €300,000 in 2020, when considering all households, and has also increased for all wealth quintiles across the two waves.

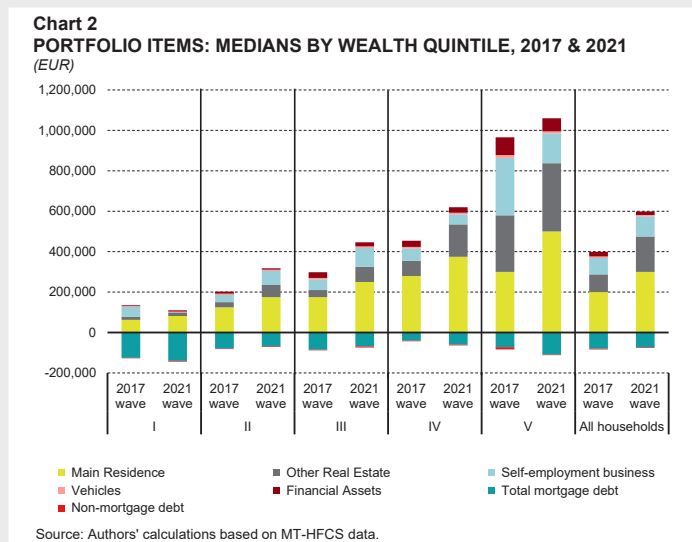
The same trend is observed for other real estate assets which have increased in value across waves and across wealth quintiles. In fact, the highest wealth quintile in 2020 held other properties with a median value of €337,500, from €280,000 in 2017, while the other properties owned by the lowest quintile were valued at only €17,500, from €16,000 in 2017.

As expected, the highest wealth quintile holds self-employment businesses of much higher median value, and also have more high value financial assets than households in other lower wealth quintiles.

With regards to liabilities, the largest component across all quintiles in both waves is mortgage debt. The median value of mortgage debt is highest for the lowest wealth quintile at €140,000, and lowest for the fourth wealth quintile at €60,000. When compared to 2017, the median value of liabilities in 2020 decreased slightly.

### Wealth distribution

Chart 3 compares the distribution of net wealth across the four waves of the Survey. Across survey rounds, the distribution of wealth remained relatively unchanged below the median (50<sup>th</sup> percentile). The increase in wealth beyond the 70<sup>th</sup> percentile is, however, stronger in the 2021



<sup>5</sup> Net housing wealth (value of primary residence net of the outstanding mortgage on the residence) in 2020 made up around 62% of total wealth, whereas the contribution of net financial wealth (financial assets net of liabilities) was just 5.4%.

wave. This is largely driven by more valuable real assets, as well as a wider portfolio of real asset holdings. However, the rise beyond the 90<sup>th</sup> percentile in the fourth wave was much slower than that of the 2017 wave. The wealthiest 1% of households saw a drop of around €1.1 million in their wealth between the third and fourth waves.

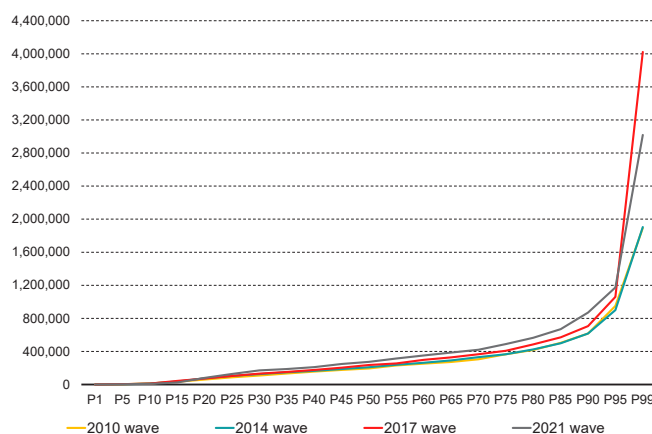
In Malta, the share of households with negative net wealth – i.e., when the value of assets held is lower than that of their liabilities – stood at 0.3% in 2020, similar to that in 2017.

### Wealth inequality

The mean and median values of household net wealth vary considerably across wealth quintiles in the 2021 wave (see Chart 4). The values for the top quintile are substantially larger than those of the other quintiles, implying that skewness is more pronounced at the far end of the distribution, especially in the case of the mean. Whilst the mean and median net wealth values for the second to the fourth quintiles of households follow each other closely, a notable discrepancy can be noted at the two extremes of the spectrum. The latter may indicate that the degree of inequality is more pronounced amongst the bottom and top parts of the distribution.

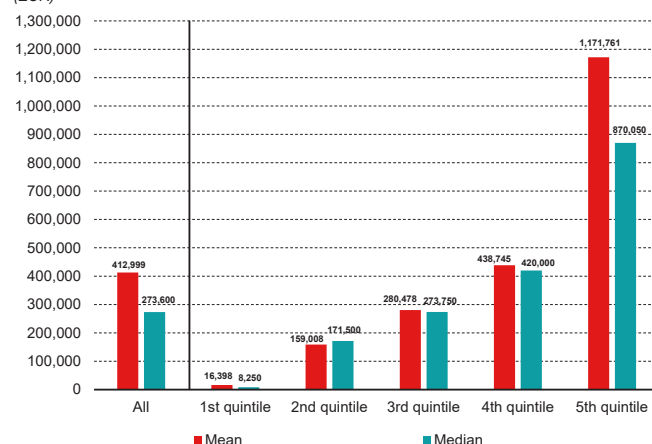
The HFCS-based Gini coefficient, which measures inequality, shows that in the 2021 wave, inequality in household net wealth dropped to 0.55 from 0.60 in the 2017 wave, indicating a decrease in the overall level of inequality over the last two waves of the Survey (see Table 2). The Gini coefficient stood at 0.57 in 2014 and in 2010.<sup>6</sup>

**Chart 3**  
NET WEALTH – PERCENTILE DISTRIBUTION, 2010-2021  
(EUR)



Source: Authors' calculations based on MT-HFCS data.

**Chart 4**  
NET WEALTH: MEANS AND MEDIANS BY WEALTH QUINTILE, 2021 WAVE  
(EUR)



Source: Authors' calculations based on MT-HFCS data.

<sup>6</sup> A more detailed analysis of income and wealth inequality in Malta is provided in this [Working Paper](#).

**Table 2**  
**INEQUALITY INDICATORS**

Percentage

	2010 wave	2014 wave	2017 wave	2021 wave
<b>Quintile ratio indicators</b>				
p90/p10	46.8	53.4	64.2	105.5
p90/p50	3.2	3.0	3.0	3.2
p50/p10	14.7	18.0	21.5	33.2
p75/p25	4.2	3.5	4.0	3.8
<b>Share indicators</b>				
Bottom 50%	13.6	14.3	12.6	14.4
50-90%	43.0	42.2	39.7	45.6
Top 10%	43.4	43.5	47.7	40.0
Top 5%	31.8	34.6	37.0	27.5
Top 1%	16.3	19.3	17.0	9.9
Gini coefficient	0.57	0.57	0.60	0.55

Source: Authors' calculations based on MT-HFCS data.

Table 2 shows some other measures of inequality, namely the p90/p10, p90/p50, p10/p50 and the p75/p25 ratios.<sup>7</sup> The wealthiest 10% of households (p90) are on average three times wealthier than households at the 50<sup>th</sup> percentile. The p75/p25 ratio declined marginally from 4.0 to 3.8 between the third and fourth wave, while the p90/p10 ratio almost doubled in the 2021 wave.

Analysis of the top end of the spectrum shows that the wealthiest 5% of households had a median net wealth that is more than four times the median net wealth of all households in the 2021 wave (€1.17 million vs €273,600). This ratio is very similar to that obtained in the 2017 round of the Survey. At the same time, the wealthiest 1% of households held more than 10 times the median net wealth held by all households.

The share of total net wealth owned by the wealthiest 10% of households declined from 47.7% in the 2017 wave, to 40.0% in the 2021 wave. Similar movements can be observed in the share of net wealth owned by the wealthiest 5% and 1% of households, although the drop for these two groups was much stronger. At the same time, the share of net wealth held by the bottom 50% of households continued to increase gradually over the four waves reaching 14.4% in the 2021 wave. Moreover, the share of net wealth owned by households between the 50<sup>th</sup> and 90<sup>th</sup> percentile, increased to 45.6% in the latest wave, up from 39.7% in the 2017 wave.

Data from the HFCS allows to construct measures of debt burden, which are useful to assess the financial vulnerability of households. By comparing outstanding debt levels with gross household wealth, one can note a gradual increase in the debt burden measured on this basis. The debt to asset ratio stood at 14.9% in the 2021 wave, up from 13.5%

<sup>7</sup> Percentile ratios compare how much wealth households at one level of the wealth distribution have compared to people at some other level of the wealth distribution. For instance, the p90/p10 ratio compares how much wealthier the top 90% of households are compared to the poorest 10%.

in the 2017 wave. This ratio has been constantly increasing wave after wave, implying that households are entering into more debt to fund their acquisition of assets, mostly the purchase of real estate properties. When measured on this basis, debt burden decreased for households in the bottom two quintiles but increased among remaining households between the two waves under consideration.

### Inheritances

Inheritance also plays an important role in the accumulation of wealth by households. In the Survey, respondents are asked whether they have received any form of gifts or inheritance over the household's lifetime. Around a quarter of households reported to have actually received some sort of gifts or inheritance, a decline in comparison to the 33.5% in 2017.<sup>8</sup>

Most gifts or inheritances received were in the forms of cash or properties, while a very small share of households claimed to have received land or valuables which include art, jewellery, and antiques (see Figure 1).

As noted earlier, real estate is a major contributor to net wealth. In part, this form of wealth may be acquired through intergenerational transfers. In the 2021 HFCS, 6.8% of households that owned a property in 2020 have in fact inherited it, and another 5.4% received their main residence as a gift. Another small share of households (2.6%) received half of their main residence through a gift, while 7.7% received financial support to purchase their property. The Survey results also highlight that the probability of receiving gifts increases with wealth. This may suggest the existence of a cultural trait, by which wealth is passed on along families.

### Subjective evaluation of net worth

The Survey also investigates the subjective evaluation of net worth and how this has changed over the two years preceding the survey. Around 44.8% of households in 2020 reported that their net worth had 'increased significantly' over the past two years, while 41.5% claimed that their net worth remained broadly the same. Only 11.8% of households reported a decline in their net worth. The remaining 2.0% share opted not to answer this question.

**Figure 1**  
**INTERGENERATIONAL GIFTS AND TRANSFERS, 2021**  
(percentage of households)



Source: Authors' calculations based on MT-HFCS data.

<sup>8</sup> The positive relationship between household wealth and intergenerational transfers in the EU using HFCS data is analysed in a study by Spiteri and von Brockdorff (2022).



The respondents were overall also optimistic when asked about future net worth as around 30.9% anticipated a substantial increase, and only around 10% are expecting their net worth to decline in the two years following the interview. Another 56% then noted that their net worth will remain the same.

### Conclusions

This box looks at the composition and the evolution of net wealth in Malta along the four available vintages of the HFCS.

The median value of net wealth has been increasing across the four waves and across almost all wealth quintiles, with the most notable increase observed in the highest wealth quintile.

Data from the HFCS show that income is highly correlated with wealth, as both the mean and median wealth increase across income quintiles, with the median peaking for the highest income quintile in 2020. With regards to age, median net wealth peaks in the 45-54 age bracket, before declining again for the older age cohorts.

The composition of assets and liabilities which make up wealth has remained largely the same across the last two waves, with the main residence confirmed as the biggest contributor to net wealth. The median value of this real asset has in fact increased significantly since 2017, when considering all households, and has also increased for all wealth quintiles across the two waves.

Wealth inequality, as measured by the Gini coefficient, dropped between the last two HFCS waves. Nevertheless, P-ratios point to increased dispersion in net wealth in the bottom half of the wealth distribution.