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Combining Survey and Administrative Data to Estimate the Distribution of Households' Deposits

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In the last decades, several economic shocks such as the financial crisis of 2008 and the more recent COVID-19 pandemic have shown that household wealth has increasingly become an important buffer to protect households' living standards. As a consequence, there has been an increasing demand for more timely, coherent, and consistent information on the distribution of household wealth and its components. These new data requirements are reflected in the G20 Data Gaps Initiative, which encourages the production and dissemination of distributional information on income, consumption, savings, and wealth for the household sector.

In 2015, the European Central Bank created an expert group with the mandate to understand, quantify and explain the main differences between the Household Finance and Consumption Survey (HFCS) and the Financial accounts (FA), and to develop distributional information within the household financial accounts. This Expert Group has developed a methodology to incorporate distributional information into a national accounting framework, producing experimental quarterly, timely estimates of the wealth distribution for the euro area and most of the euro area countries. The methodology is necessarily based on the common set of information available for all countries and therefore it does not take into account possible additional sources of information available at the national level. This paper builds on this methodology and proposes a novel approach for Italy to align Italian survey-based estimates relating households' total deposits to the correspondent figures from financial accounts. We draw on the Survey on Household Income and Wealth (the Italian component of the HFCS) conducted by the Bank of Italy and we exploit the aggregate information coming from supervisory data and administrative records relating to income, housing wealth, and debt that are linked to the survey. We focus on deposits since this instrument represents a significant share of household gross wealth (more than one-third of financial assets) and its coverage ratio is generally low (below 50% for the Euro area).

Our method consists of two steps. In the first, we use the data linkage to identify a sub-group of respondents which may be considered highly reliable. Within this subset of observations, we estimate the relationship between the value of deposits and some relevant household characteristics, such as demographics, incomes, and other wealth components. The estimated coefficients are then used to predict deposit holdings for the remaining group of respondents. In the second step, supervisory data are used to fill the remaining gap through calibration techniques. We discuss the implications of our results in terms of wealth inequality and compare them with those obtained by alternative possible approaches.