

# The wealth of Italy's institutional sectors

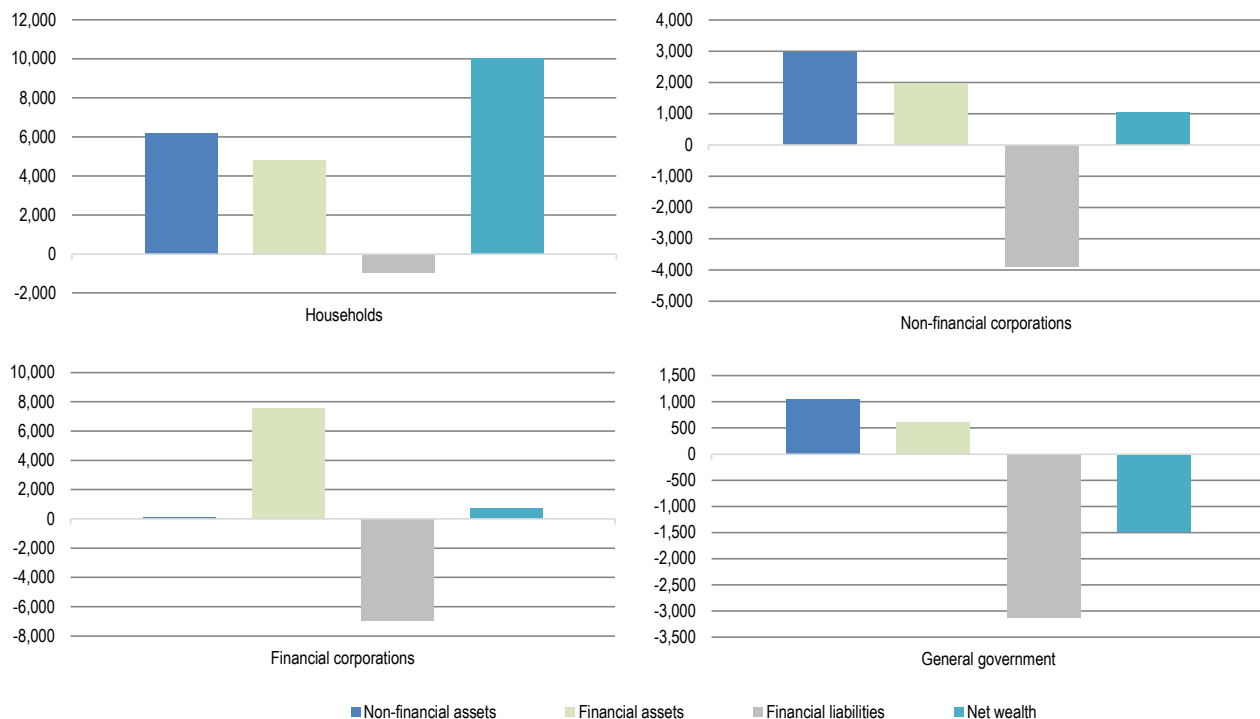
## 2005 | 2020

### MAIN FINDINGS

The wealth estimates compiled by Istat and the Bank of Italy released in this report provide a comprehensive description of the assets held by the institutional sectors and of how they have changed over time. The report also makes a comparison with other advanced economies, although international comparability remains imperfect.

At the end of 2020, the net wealth of Italian households stood at €10,010 billion, 8.7 times the size of their disposable income, growing by 1 per cent (about €100 billion) with respect to 2019. Dwellings, which represent the main component of household investment, accounted for about half of gross wealth (€5,163 billion). Financial assets equalled €4,800 billion, up from the previous year, mainly owing to the increase in deposits and insurance technical reserves. Total household liabilities came to €967 billion, a level which was substantially stable compared to 2019. Compared with some advanced economies, in Italy household net wealth remained high in proportion to disposable income, whereas it was lower in per capita terms.

**Figure 1. Wealth of Italy's institutional sectors (a)** (billions of euros; 2020)



(a) Financial liabilities are shown with a negative sign.

Sources: Istat and the Bank of Italy.

The net wealth of non-financial corporations amounted to €1,053 billion at the end of 2020. Total assets equalled €4,934 billion, 60 per cent of which were non-financial assets. The financial component (€1,965 billion) grew with respect to 2019, mainly owing to the increase in deposits. In the same period, the value of non-financial assets, which is primarily composed of non-residential buildings and machinery and equipment, decreased. Financial liabilities declined slightly, with the result that Italian non-financial corporations continued to be less indebted by international comparison.

The net wealth of financial corporations amounted to €739 billion at the end of 2020, mostly reflecting the balance of financial assets and liabilities. Gross wealth rose by about 8 per cent, driven mainly by the increase in deposits and securities. As far as financial liabilities are concerned, the increase was due to insurance technical reserves and deposits.

At the end of 2020, general government net wealth was negative by €1,473 billion (about -90 per cent of GDP). Non-financial and financial assets, equal to €1,047 billion and €612 billion respectively, were lower than financial liabilities (€3,133 billion). A similar ratio of net wealth to GDP was also observed for the United Kingdom.

*Wealth, net of financial liabilities, is the value of all the assets, real and financial, which guarantee an economic benefit to the owner of the asset, either in the form of the income flow they generate or the proceeds from their sale or liquidation.*

*The purpose of this note is to provide a complete picture of the stock of wealth, net and gross, of the institutional sectors: households, in their dual function as consumers and producers of goods and services, non-financial corporations, financial corporations and general government.*

*The assessment of the stock of financial assets and liabilities carried out by the Bank of Italy is exhaustive. The assessment of the stock of non-financial assets carried out by Istat is not yet complete, as in other EU countries, due to the unavailability of data on certain assets that are more difficult to measure, such as monuments, valuables and some non-financial non-produced assets (e.g. natural resources other than land). The incompleteness does not compromise the information content of the estimates.*

## THE EVOLUTION OF WEALTH

### The net wealth of Italian households continued to grow in 2020

At the end of 2020, the net wealth of Italian households<sup>1</sup>, measured as the sum of real assets (dwellings, land, etc.) and financial assets (deposits, securities, shares, etc.) net of financial liabilities (short-, medium- and long-term loans, etc.) stood at €10,010 billion (Figure 2a and Table 1). Real assets (€6,177 billion) represented 56 per cent of gross wealth (total assets) while financial assets (€4,800 billion) represented the remaining 44 per cent, against a total of €967 billion in financial liabilities.

Following the reduction recorded in 2018, net wealth measured at current values grew again in 2019. The growth continued in 2020 (+1 per cent, amounting to about €100 billion), despite the pandemic crisis, which actually showed a high increase in households' saving ratio. The increase in financial assets by €137 billion (+2.9 per cent) more than offset the €32 billion decline in real assets (-0.5 per cent) and the €3.4 billion increase in financial liabilities (+0.3 per cent). The value of real assets had been falling since 2012, primarily due to buildings, whereas financial assets increased in 2020 mainly owing to insurance technical reserves, investment fund shares and deposits. Financial liabilities remained substantially stable compared to 2019.

In 2020 financial wealth rose mainly owing to the increase in deposits, in which most of household savings were stored. In contrast to previous years, in 2020 capital gains stemming from higher assets prices contributed to a lesser extent (+0,3 per cent) to the growth in financial assets. The decline in the value of the stock of non-financial assets owned by the sector (-0.5 per cent) was largely due to the fall in 2020 in the value of residential (-0.3 per cent) and non-residential buildings (-2.1 per cent), caused by the drop in average real estate values.

### The net wealth of corporations increased too

At the end of 2020, the net wealth of non-financial corporations stood at €1,053 billion (Figure 2b and Table 2), growing with respect to 2019 (+3.4 per cent). Total assets for the sector amounted to €4.934 billion, which consisted of non-financial assets by 60 per cent. The gross wealth of non-financial corporations remained almost stable (+0.3 per cent) with respect to the previous year: the growth of the financial component by €44 billion (+2.3 per cent) offset the contraction in real assets (-1.1 per cent). This reduction was largely due to lower values of residential and non-residential buildings (-1.7 per cent), inventories (-1.3 per cent) and machinery and equipment (-0.7 per cent), the latter changed its trend compared to the strong growth observed in the 2017-2019 period. Financial liabilities declined by €22 billion with respect to 2019 (-0.6 per cent).

The net wealth of financial corporations, equal to €739 billion, increased by about €123 billion (Figure 2c and Table 3). Differently from the other sectors, total assets (€7,693 billion) consisted almost completely of financial assets (98 per cent of total assets). The gross wealth of financial corporations grew compared to the end of 2019 (+7.9 per cent), primarily owing to the increase in deposits (+14.2 per cent) and securities (+11.9 per cent). Financial corporations were the only sector with growing non-financial assets (+1.6 per cent), although at a lower rate than the previous year and sustained by the real estate investment fund sector. The growth of financial liabilities was mainly driven by insurance technical reserves (+7.1 per cent) and by deposits (+12.5 per cent).

<sup>1</sup> Data on households refer to "Households" and "Non-profit institutions serving households" (see Glossary).

Figure 2. Wealth of Italy's institutional sectors and its components (billions of euros; 2005-2020)



Sources: Istat and the Bank of Italy.

## **At the end of 2020 the net wealth of general government reduced further**

The net wealth of general government was negative by €1,473 billion at the end of 2020 (Figure 2d and Table 4). Total assets slightly grew (+1 per cent) with respect to the previous year due to the increase in the financial component (+3.6 per cent), which counterbalanced the reduction of non-financial assets (-0.4 per cent). Financial liabilities reported a strong increase (+9.7 per cent), higher than in 2019 (+6.5 per cent), mainly driven by the fiscal measures adopted in response to the pandemic crisis. The increase in the outstanding amount of general government securities (+10.5 per cent) accounts for the great part of the change of general government's liabilities.

## **THE COMPOSITION OF GROSS WEALTH**

### **The share of financial assets to gross household wealth increased...**

At the end of 2020 dwellings represented about half of the gross wealth of households (Figure 3a and Table 1). On the financial side, asset management products (mutual fund shares and insurance, pension and standardised guarantee schemes) accounted for 17 per cent of gross wealth, followed by deposits (14 per cent) and shares and other equity (9 per cent).

Between 2005 and 2011, the ratio of dwellings to total assets rose from 46 to 54 per cent. The following downward trend in residential housing prices has resulted in a reduction in the average value of housing, with the ensuing contraction in the value of housing wealth. In 2020 the share of dwellings to gross wealth stood at 47 per cent, a level only slightly higher than the one observed in 2005. On the financial side, with respect to 2005 the share of asset management products in the financial portfolio increased from 11 to 17 per cent in 2020, the share of deposits rose from 10 to 14 per cent, whereas the proportion of shares and other equity declined from 12 to 9 per cent and that of securities fell from 8 to 2 per cent.

### **... as well as the ratio of deposits to gross wealth of non-financial corporations**

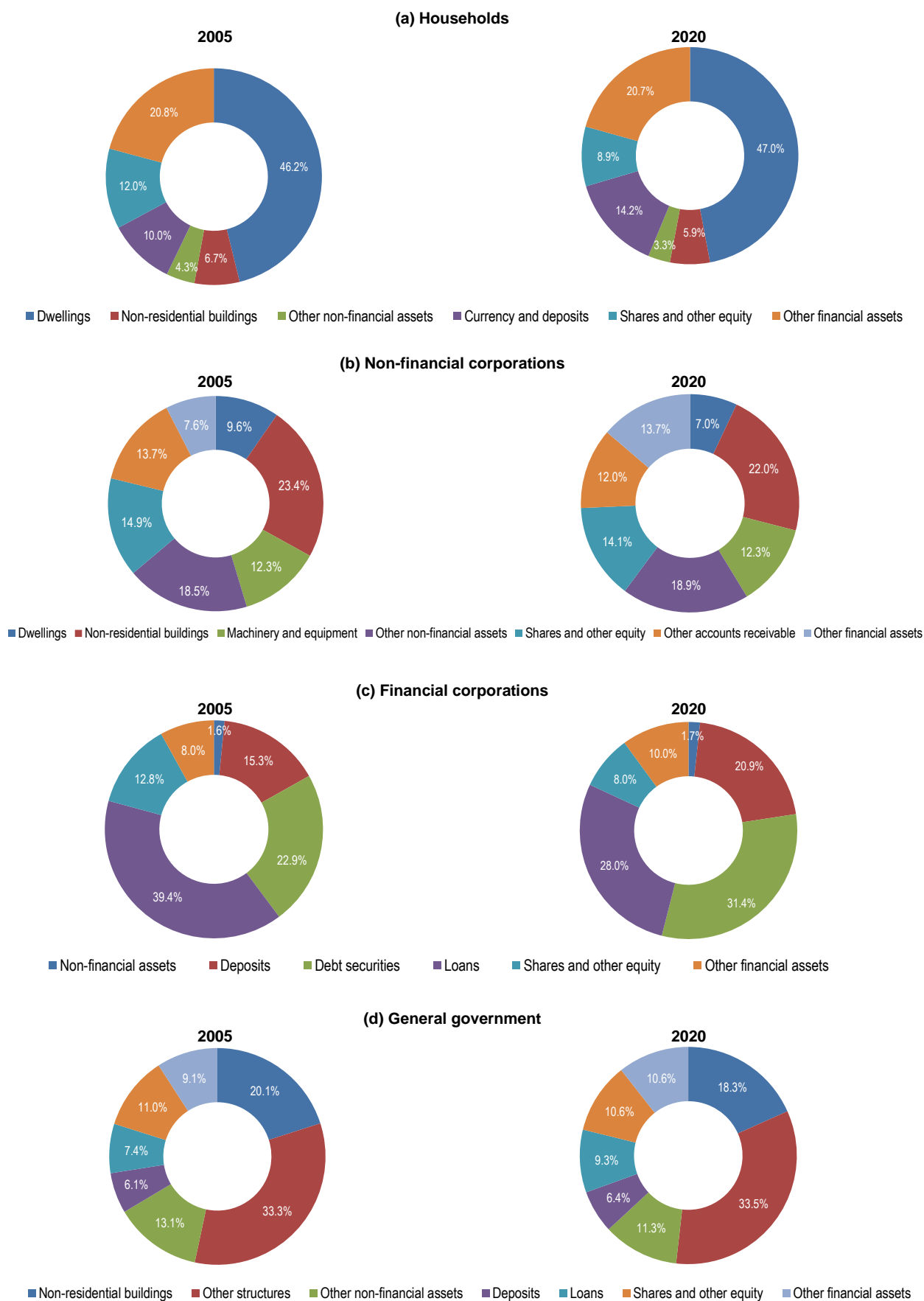
At the end of 2020 non-residential real estate represented 22 per cent of non-financial corporation gross wealth while machinery and equipment accounted for 12 per cent (Figure 3b and Table 2). Between 2005 and 2020, the ratio of non-financial assets to total declined from 64 to 60 per cent. The financial portfolio largely consisted of shares and other equity (14 per cent) and of other accounts receivable (12 per cent), most of which were trade credits.<sup>2</sup> The ratio of deposits to total markedly grew in 2020 (10 per cent with respect to 8 per cent the previous year), with an increase higher than 5 percentage points with respect to 2005 (when they represented 4.5 per cent of gross wealth).

### **The share of loans to gross wealth of financial corporations declined**

The ratio of non-financial assets of financial corporations to total was less than 2 per cent at the end 2020 (Figure 3c and Table 3); with respect to the previous year both the share of deposits and that of securities over total increased by 1 percentage point, while the share of loans declined by 1.5 percentage points. Between 2005 and 2020 the proportion of deposits to gross wealth rose from 15 to 21 per cent and that of securities from 23 to 31 per cent. The share of loans strongly declined from 39 to 28 per cent.

<sup>2</sup> Trade credits were almost completely offset by trade debits in the liability side.

Figure 3. Assets of Italy's institutional sectors (percentages; 2005 and 2020)



Sources: Istat and the Bank of Italy.

## Other structures represented one third of general government gross wealth

At the end of 2020 real estate, both residential and non-residential, represented 21 per cent of general government gross wealth, whereas other structures accounted for 33 per cent (Figure 3d and Table 4). The share of real estate to gross wealth has declined by more than 3 percentage points since 2005.

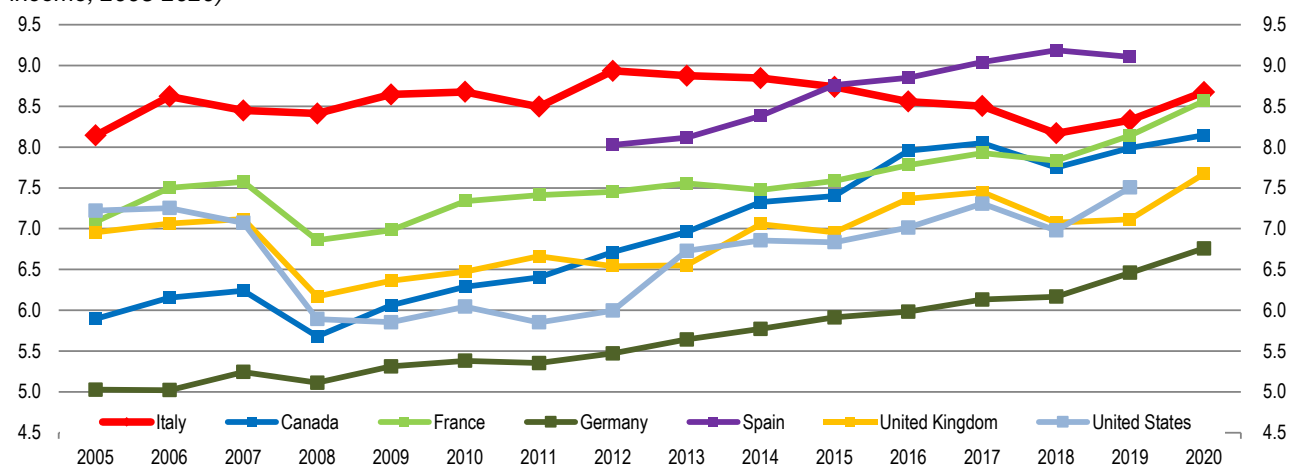
Among financial assets, high percentages were observed for shares and other equity (11 per cent) and loans (9 per cent). The composition has remained substantially stable since 2005, except for loans, which have grown from 7 to 9 per cent, and debt securities, which have risen from 1 to 3 per cent.

## INTERNATIONAL COMPARISON

### The net wealth of Italian households to disposable income was high

At the end of 2020, the net wealth of Italian households was 8.7 times the size of their disposable income, measured gross of depreciation (Figure 4). This ratio was lower than in Spain (last available data related to 2019), it was similar to France and higher than in Canada, Germany, the United Kingdom and the United States. Between 2012 and 2018, the decline of the indicator for Italy strongly narrowed the differences with respect to the other countries, especially to France. The Italian indicator returned to grow only in 2019 and in 2020. In Germany, despite the gradual increase during the last decade, the ratio of net wealth to household disposable income remained significantly lower than in the other countries.

**Figure 4. Net household wealth compared at international level (b)** (in relation to households' gross disposable income; 2005-2020)

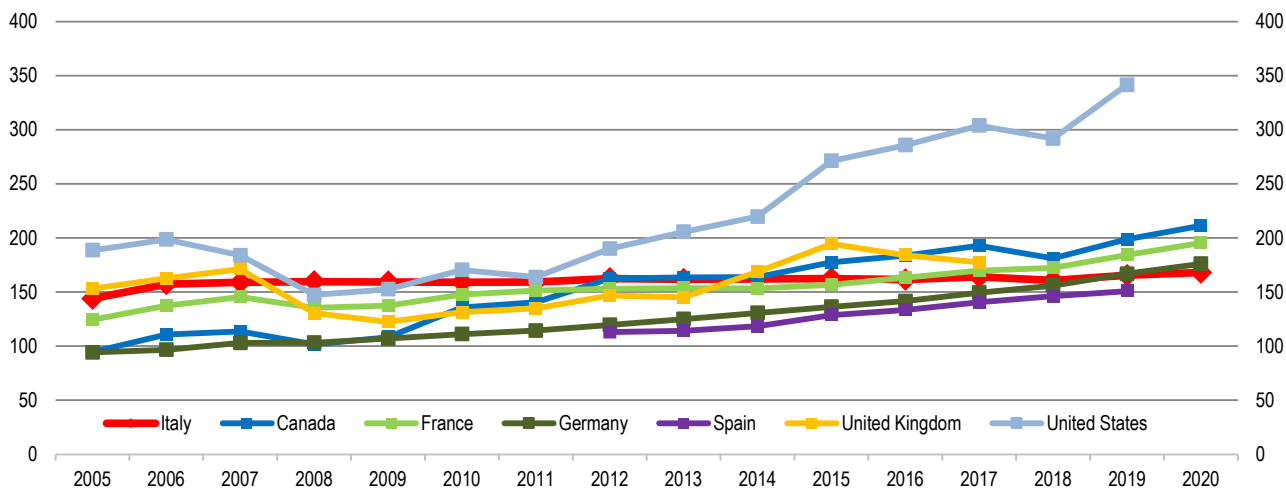


(b) To provide greater international comparability, the total of non-financial assets is calculated as the sum of fixed capital and land; inventories are therefore excluded, as figures are not available for some countries.

Sources: Istat and the Bank of Italy; Eurostat for France, Germany and Spain; OECD for Canada and the United States; ONS for the United Kingdom. Data on non-financial assets for Spain and the United States are available until 2019.

If measured in proportion to the population, the net wealth of Italian households was lower at the end of 2020 than that of the other countries, except of Spain (last available data related to 2019, Figure 5). In the international comparison, the strong growth of per capita net wealth in the United States since 2012 stands out, mainly driven by the price dynamics of financial assets.

**Figure 5. Households' net wealth per capita compared at international level (c)** (thousands of euros; 2005-2020)

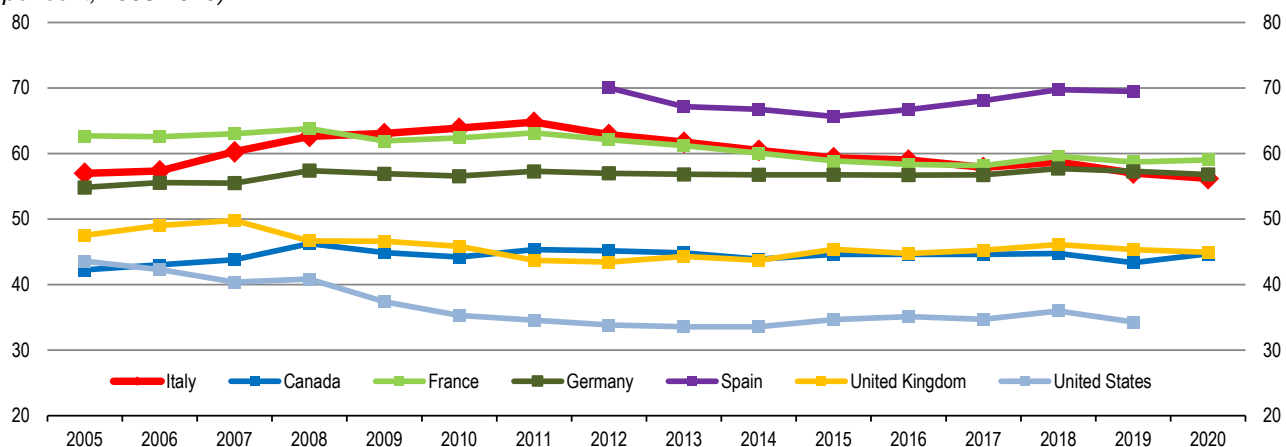


(c) To provide greater international comparability, the total of non-financial assets is calculated as the sum of fixed capital and land; inventories are therefore excluded, as figures are not available for some countries. Values at current prices and exchange rates.

Sources: Istat and the Bank of Italy; Eurostat for France, Germany and Spain; OECD for Canada and the United States; ONS for the United Kingdom. Data on non-financial assets for Spain and the United States are available until 2019.

At the end of 2020 the share of household non-financial assets to gross wealth in Italy (56 per cent) was similar to that in France and Germany, lower than that in Spain (69 per cent, last available data on 2019) and larger than that in the other countries. This confirms the importance of non-financial investments, especially real estate investments, in Italy (Figure 6). However, from 2012 to 2020 the proportion of financial assets has gradually increased, by nearly 7 percentage points overall.

**Figure 6. Households' non-financial assets compared at international level (d)** (in relation to gross wealth; per cent; 2005-2020)



(d) To provide greater international comparability, the total of non-financial assets is calculated as the sum of fixed capital and land; inventories are therefore excluded, as figures are not available for some countries.

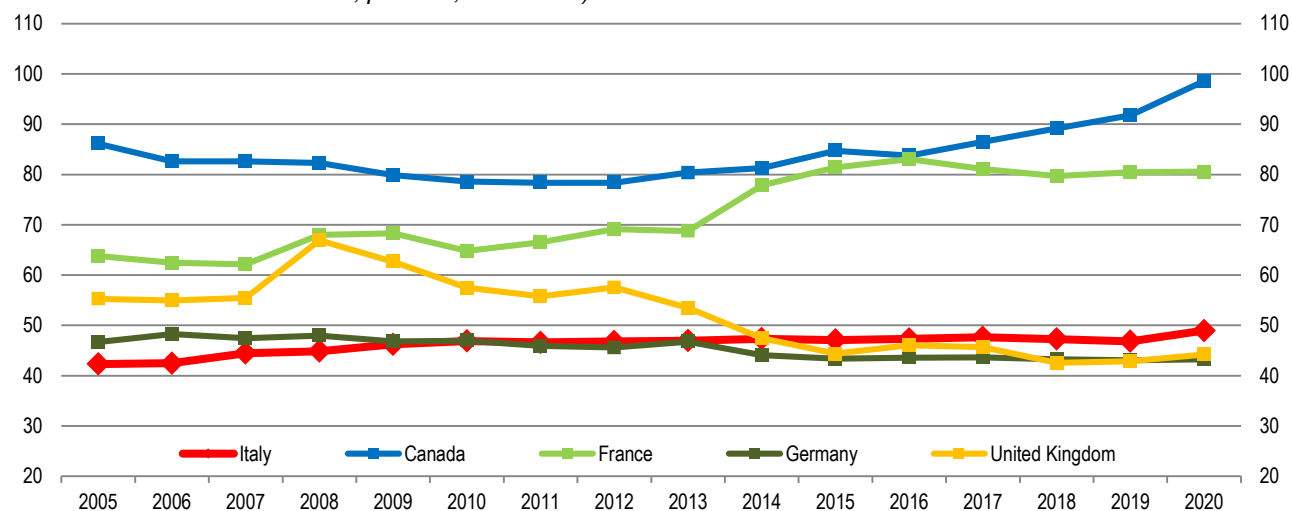
Sources: Istat and the Bank of Italy; Eurostat for France, Germany and Spain; OECD for Canada and the United States; ONS for the United Kingdom. Data on non-financial assets for Spain and the United States are available until 2019.



## Italian corporations maintained a low level of indebtedness by international comparison

At the end of 2020, financial debts of Italian non-financial corporations amounted to 49 per cent of non-financial assets (Figure 7), the maximum value since 2005. However, together with British and German corporations, Italian ones displayed a low level of indebtedness. Much higher levels of debts to non-financial assets were observed in Canada and France (99 and 81 per cent respectively in 2020).

**Figure 7. Indebtedness of non-financial corporations compared at international level (e)** (ratio of financial debt to total non-financial assets; per cent; 2005-2020)



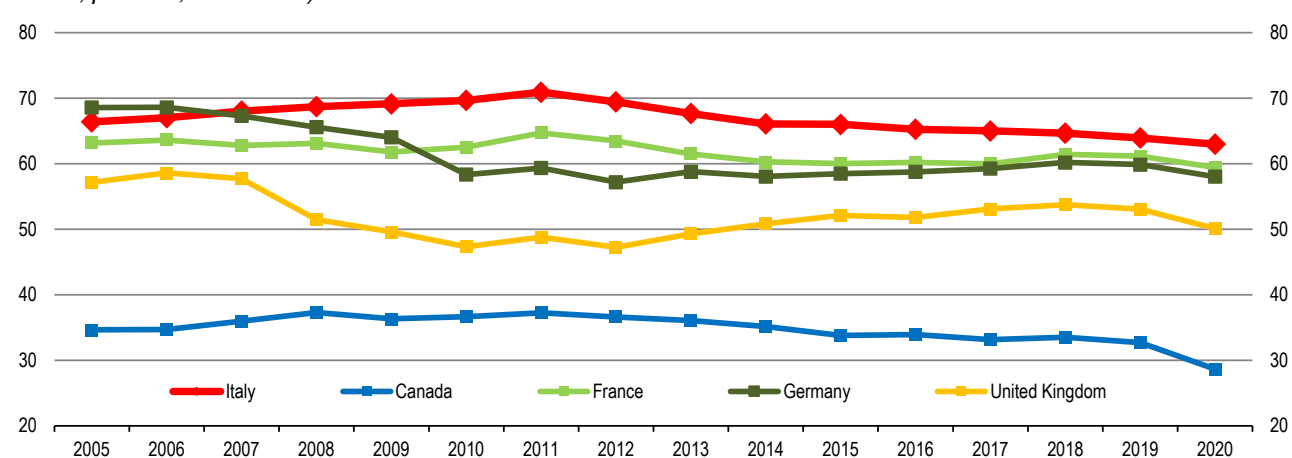
(e) To provide greater international comparability, the total of non-financial assets is calculated as the sum of fixed capital and land; inventories are therefore excluded, as figures are not available for some countries. Financial debt is given by the sum of loans and securities on the liability side of non-financial corporations.

Sources: Istat and the Bank of Italy; Eurostat for France and Germany; OECD for Canada; ONS for the United Kingdom.

## General government net wealth was negative in Italy, as it was in the United Kingdom

At the end of 2020, 63 per cent of gross wealth held by general government consisted of non-financial assets. This percentage was substantially in line with the figures for France and Germany (59 and 58 per cent respectively) and higher than in the United Kingdom (50 per cent). In Canada the share was 29 per cent.

**Figure 8. General government non-financial assets compared at international level (f)** (in relation to gross wealth; per cent; 2005-2020)

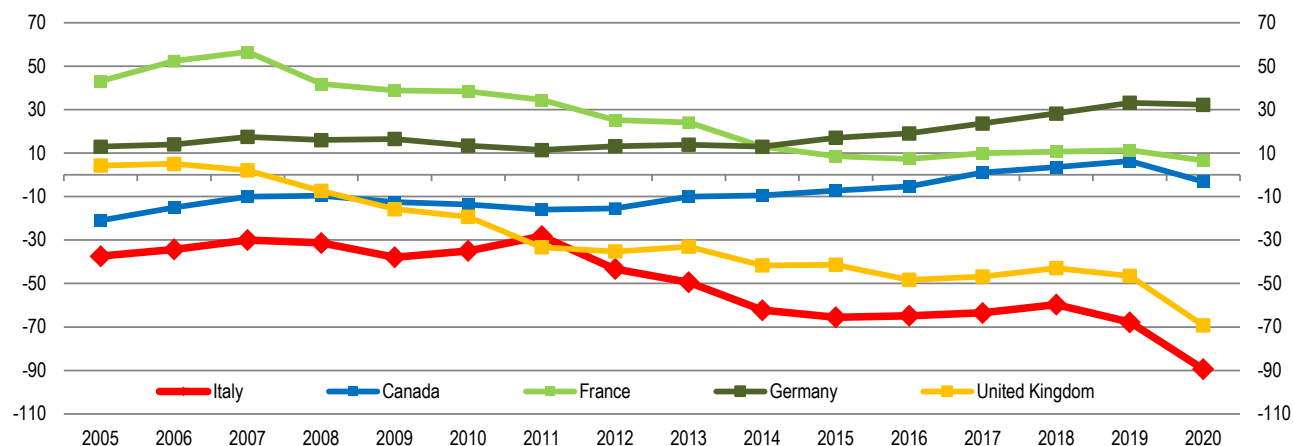


(f) To provide greater international comparability, the total of non-financial assets is calculated as the sum of fixed capital and land; inventories are therefore excluded, as figures are not available for some countries.

Sources: Istat and the Bank of Italy; Eurostat for France and Germany; OECD for Canada; ONS for the United Kingdom.

The ratio of Italian general government net wealth to GDP has been consistently negative since 2005. It declined between 2012 and 2015 and again, after 2018, reaching its lowest level in 2020 (around -90 per cent of GDP). The United Kingdom has displayed a similar trend (settling at -69 per cent in 2020). In Canada the ratio of net wealth to GDP turned slightly negative (-3 per cent), whereas France and Germany registered positive values (7 and 32 per cent respectively). International comparisons may be hampered by a systematic underestimation of historical and artistic heritage, penalizing countries such as Italy to a greater extent.<sup>3</sup>

**Figure 9. General government net wealth compared at international level (g)** (in relation to GDP; 2005-2020)



(g) To provide greater international comparability, the total of non-financial assets is calculated as the sum of fixed capital and land; inventories are therefore excluded, as figures are not available for some countries.

Sources: Istat and the Bank of Italy; Eurostat for France and Germany; OECD for Canada; ONS for the United Kingdom.

<sup>3</sup> Most countries adopt the Perpetual Inventory Method (PIM) for estimating the value of constructions, which includes the value of monuments according to the international statistical standards (SNA 2008 and ESA 2010). This may involve systematic underestimation for buildings and structures with higher historical and artistic value.

**Table 1. Household wealth** (millions of euros)

<b>Assets/Liabilities</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Dwellings	4,190,071	5,523,447	5,280,625	5,222,306	5,195,907	5,179,351	5,176,648	5,163,201
Non-residential buildings	611,647	760,705	712,920	699,003	688,069	676,147	666,379	652,478
Other structures	-	-	-	-	-	-	-	-
Land improvements	36,157	39,589	35,573	34,301	33,406	32,939	32,060	31,254
Machinery and equipment and weapons systems (1)	79,495	86,816	75,894	73,608	73,342	72,433	72,776	70,441
Transport equipment	18,235	19,635	15,206	15,417	15,792	15,832	16,363	16,324
ICT equipment	5,231	4,415	4,004	4,118	4,135	4,048	4,048	3,915
Other machinery and equipment and weapons systems (1)	56,029	62,766	56,684	54,073	53,415	52,553	52,365	50,202
Cultivated biological resources	4,012	4,768	4,401	4,509	4,570	4,412	4,332	4,112
Intellectual property products	6,841	7,386	7,696	7,687	7,547	7,464	7,311	7,163
of which: Research and development	688	872	1,020	1,060	1,084	1,126	1,160	1,184
of which: Computer software and databases	3,159	3,511	3,200	3,129	3,007	2,944	2,888	2,876
Inventories	31,601	31,417	25,006	23,578	19,853	18,829	18,230	17,438
Land under cultivation	228,191	238,164	229,419	228,679	231,375	231,971	231,062	230,866
<b>Non-financial assets (a)</b>	<b>5,188,013</b>	<b>6,692,292</b>	<b>6,371,535</b>	<b>6,293,671</b>	<b>6,254,069</b>	<b>6,223,546</b>	<b>6,208,798</b>	<b>6,176,952</b>
Monetary gold and SDRs	-	-	-	-	-	-	-	-
Currency and deposits	911,471	1,122,314	1,282,095	1,333,143	1,362,410	1,386,751	1,451,954	1,556,491
Debt securities	735,715	732,051	408,508	348,733	314,887	294,359	268,331	247,625
Loans	12,572	13,954	12,568	12,021	10,679	10,071	9,609	10,844
Shares and other equity	1,087,572	754,709	1,035,814	963,560	1,029,577	934,845	1,013,750	973,962
Derivatives	523	804	1,396	1,046	916	710	538	868
Mutual fund shares	426,012	326,842	578,882	614,055	682,324	594,284	664,239	689,141
Insurance, pension and standardised guarantee schemes	612,782	707,281	898,769	955,510	1,009,406	1,013,536	1,116,664	1,185,996
Other accounts receivable	103,486	106,771	128,460	126,289	126,177	130,330	138,370	135,257
<b>Financial assets (b)</b>	<b>3,890,133</b>	<b>3,764,726</b>	<b>4,346,491</b>	<b>4,354,358</b>	<b>4,536,375</b>	<b>4,364,887</b>	<b>4,663,456</b>	<b>4,800,182</b>
<b>Gross wealth (a+b)</b>	<b>9,078,146</b>	<b>10,457,017</b>	<b>10,718,027</b>	<b>10,648,029</b>	<b>10,790,444</b>	<b>10,588,432</b>	<b>10,872,254</b>	<b>10,977,134</b>
Monetary gold and SDRs	-	-	-	-	-	-	-	-
Currency and deposits	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
Loans	491,650	700,255	692,488	698,181	707,834	721,980	737,855	745,255
Shares and other equity	-	-	-	-	-	-	-	-
Derivatives	-	89	68	68	26	34	41	27
Mutual fund shares	-	-	-	-	-	-	-	-
Insurance, pension and standardised guarantee schemes	32,414	34,406	36,148	36,632	37,152	37,681	38,201	38,667
Other accounts payable	150,656	173,940	174,257	177,399	180,692	181,114	187,721	183,235
<b>Financial liabilities (c)</b>	<b>674,720</b>	<b>908,690</b>	<b>902,962</b>	<b>912,280</b>	<b>925,704</b>	<b>940,809</b>	<b>963,818</b>	<b>967,183</b>
<b>Net wealth (a+b-c)</b>	<b>8,403,426</b>	<b>9,548,327</b>	<b>9,815,065</b>	<b>9,735,749</b>	<b>9,864,740</b>	<b>9,647,623</b>	<b>9,908,436</b>	<b>10,009,951</b>
<i>Memorandum items</i>								
Consumer durables (2)	488,452	559,390	534,170	535,970	540,113	544,976	552,779	559,777
Households' gross disposable income	1,028,192	1,096,998	1,120,376	1,134,832	1,158,060	1,178,892	1,187,282	1,152,044
Population	58,166,700	59,819,400	60,229,600	60,115,200	60,002,300	59,877,200	59,729,100	59,438,900

(1) The "weapon system" item only refers to general government.

(2) Consumer durables are not included in total non-financial assets.

**Table 2. Non-financial corporation wealth** (millions of euros)

Assets/Liabilities	2005	2010	2015	2016	2017	2018	2019	2020
Dwellings	396,388	494,501	409,306	386,131	369,525	361,560	353,079	345,715
Non-residential buildings	967,596	1,225,260	1,198,724	1,164,619	1,125,475	1,113,362	1,103,297	1,085,571
Other structures	339,599	375,941	373,458	371,582	367,370	373,081	370,767	371,776
Land improvements	15,496	16,967	15,246	14,700	14,317	14,117	13,740	13,395
Machinery and equipment and weapons systems (1)	507,363	586,690	567,430	560,795	575,029	587,615	610,287	606,242
Transport equipment	114,466	128,542	105,715	104,380	107,499	111,091	117,123	117,653
ICT equipment	24,115	23,597	25,677	26,074	27,324	28,416	29,941	30,240
Other machinery and equipment and weapons systems (1)	368,782	434,552	436,038	430,341	440,207	448,109	463,222	458,349
Cultivated biological resources	1,160	1,428	1,333	1,358	1,347	1,284	1,252	1,190
Intellectual property products	89,737	102,606	124,866	127,805	133,771	139,319	142,739	144,777
of which: Research and development	40,492	51,154	62,553	64,394	68,287	72,064	75,157	77,033
of which: Computer software and databases	41,903	43,272	50,803	53,840	56,320	58,358	59,065	59,772
Inventories	300,830	346,091	351,992	359,187	371,238	382,757	385,856	380,712
Land under cultivation	17,411	20,205	19,370	19,465	19,696	19,751	19,682	19,672
<b>Non-financial assets (a)</b>	<b>2,635,581</b>	<b>3,169,689</b>	<b>3,061,725</b>	<b>3,005,642</b>	<b>2,977,767</b>	<b>2,992,845</b>	<b>3,000,699</b>	<b>2,969,048</b>
Monetary gold and SDRs	-	-	-	-	-	-	-	-
Currency and deposits	185,815	231,528	298,773	320,286	350,664	362,558	388,082	478,049
Debt securities	36,745	73,048	66,013	69,474	69,884	59,967	54,449	66,748
Loans	46,751	70,015	66,343	72,172	70,335	70,783	83,005	72,884
Shares and other equity	616,847	496,705	578,237	604,514	634,361	657,201	749,235	697,493
Derivatives	9,361	12,375	15,425	13,421	12,157	15,727	14,987	15,143
Mutual fund shares	13,969	10,354	19,252	19,663	24,643	26,108	26,805	29,323
Insurance, pension and standardised guarantee schemes	19,170	18,011	16,896	17,420	11,153	12,921	15,615	15,430
Other accounts receivable	563,648	630,342	585,404	561,714	633,864	573,712	588,537	589,976
<b>Financial assets (b)</b>	<b>1,492,307</b>	<b>1,542,378</b>	<b>1,646,343</b>	<b>1,678,664</b>	<b>1,807,060</b>	<b>1,778,977</b>	<b>1,920,714</b>	<b>1,965,046</b>
<b>Gross wealth (a+b)</b>	<b>4,127,887</b>	<b>4,712,066</b>	<b>4,708,068</b>	<b>4,684,306</b>	<b>4,784,827</b>	<b>4,771,823</b>	<b>4,921,413</b>	<b>4,934,095</b>
Monetary gold and SDRs	-	-	-	-	-	-	-	-
Currency and deposits	-	28,264	34,979	41,777	45,066	46,152	48,419	61,035
Debt securities	64,963	98,852	149,743	140,511	161,867	145,220	146,002	154,276
Loans	923,336	1,225,003	1,126,108	1,111,701	1,079,753	1,088,745	1,078,791	1,112,845
Shares and other equity	1,688,574	1,423,050	1,751,837	1,750,700	1,816,385	1,770,708	1,948,660	1,864,192
Derivatives	10,541	9,531	14,407	13,137	9,586	14,084	11,829	15,696
Mutual fund shares	-	-	-	-	-	-	-	-
Insurance, pension and standardised guarantee schemes	103,687	105,680	99,697	101,059	103,482	106,518	109,296	111,493
Other accounts payable	514,163	578,412	555,536	536,345	604,253	541,730	559,643	561,112
<b>Financial liabilities (c)</b>	<b>3,305,264</b>	<b>3,468,792</b>	<b>3,732,306</b>	<b>3,695,229</b>	<b>3,820,392</b>	<b>3,713,157</b>	<b>3,902,640</b>	<b>3,880,648</b>
<b>Net wealth (a+b-c)</b>	<b>822,623</b>	<b>1,243,274</b>	<b>975,761</b>	<b>989,077</b>	<b>964,435</b>	<b>1,058,665</b>	<b>1,018,773</b>	<b>1,053,447</b>

(1) The "weapon system" item only refers to general government.

**Table 3. Financial corporation wealth (millions of euros)**

Assets/Liabilities	2005	2010	2015	2016	2017	2018	2019	2020
Dwellings	7,989	7,497	9,826	9,830	9,804	9,348	9,738	9,870
Non-residential buildings	49,992	77,987	87,719	89,601	98,971	101,029	108,589	110,281
Other structures	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0
Machinery and equipment and weapons systems (1)	3,643	3,963	3,831	3,930	4,034	4,079	4,359	4,420
Transport equipment	441	479	456	481	516	542	584	592
ICT equipment	1,629	1,562	1,482	1,631	1,684	1,687	1,810	1,864
Other machinery and equipment and weapons systems (1)	1,573	1,921	1,893	1,819	1,835	1,850	1,966	1,963
Cultivated biological resources	0	0	0	0	0	0	0	0
Intellectual property products	5,337	5,899	5,297	5,544	5,672	5,767	6,080	6,297
of which: Research and development	2,281	2,694	1,943	1,896	1,873	1,826	1,810	1,780
of which: Computer software and databases	3,056	3,206	3,354	3,647	3,798	3,941	4,270	4,517
Inventories	11	11	24	28	27	25	26	27
Land under cultivation	59	57	38	38	38	38	38	38
<b>Non-financial assets (a)</b>	<b>67,030</b>	<b>95,413</b>	<b>106,735</b>	<b>108,971</b>	<b>118,545</b>	<b>120,286</b>	<b>128,831</b>	<b>130,932</b>
Monetary gold and SDRs	34,473	90,388	84,543	93,098	91,644	95,097	113,805	128,560
Currency and deposits	653,630	1,040,266	1,233,731	1,315,573	1,417,177	1,423,652	1,406,092	1,605,918
Debt securities	981,028	1,450,788	1,948,943	2,063,403	1,955,381	1,992,602	2,156,769	2,414,461
Loans	1,684,705	2,220,435	2,106,179	2,099,036	2,096,478	2,123,052	2,098,353	2,151,287
Shares and other equity	545,290	474,255	516,847	518,198	539,181	540,587	626,668	618,622
Derivatives	121,368	171,319	187,638	185,016	149,756	131,464	152,477	157,213
Mutual fund shares	178,832	179,575	263,020	295,098	332,632	371,890	402,537	438,299
Insurance, pension and standardised guarantee schemes	1,302	4,378	7,485	7,894	15,567	17,638	17,438	27,686
Other accounts receivable	7,480	4,625	21,180	24,672	25,764	24,520	24,053	20,182
<b>Financial assets (b)</b>	<b>4,208,108</b>	<b>5,636,028</b>	<b>6,369,566</b>	<b>6,601,987</b>	<b>6,623,581</b>	<b>6,720,502</b>	<b>6,998,192</b>	<b>7,562,228</b>
<b>Gross wealth (a+b)</b>	<b>4,275,137</b>	<b>5,731,442</b>	<b>6,476,301</b>	<b>6,710,958</b>	<b>6,742,125</b>	<b>6,840,787</b>	<b>7,127,023</b>	<b>7,693,160</b>
Monetary gold and SDRs	0	0	8,370	8,387	7,809	7,985	8,127	7,751
Currency and deposits	1,731,839	2,418,924	2,937,078	3,196,953	3,416,645	3,511,401	3,550,504	3,993,027
Debt securities	645,066	1,060,078	833,159	764,782	562,706	514,255	552,587	522,448
Loans	282,166	493,642	394,895	388,709	360,627	408,869	366,427	358,795
Shares and other equity	738,241	313,604	499,564	434,998	522,822	450,316	559,365	511,968
Derivatives	113,740	187,099	200,263	201,460	162,484	145,456	172,325	180,461
Mutual fund shares	394,020	224,639	286,249	300,855	327,755	320,106	339,361	345,608
Insurance, pension and standardised guarantee schemes	476,639	564,410	752,369	807,609	854,369	854,454	954,308	1,021,815
Other accounts payable	2,314	1,961	5,847	6,156	7,653	10,076	7,208	11,818
<b>Financial liabilities (c)</b>	<b>4,384,025</b>	<b>5,264,358</b>	<b>5,917,792</b>	<b>6,109,910</b>	<b>6,222,870</b>	<b>6,222,918</b>	<b>6,510,212</b>	<b>6,953,690</b>
<b>Net wealth (a+b-c)</b>	<b>-108,888</b>	<b>467,084</b>	<b>558,508</b>	<b>601,048</b>	<b>519,255</b>	<b>617,869</b>	<b>616,811</b>	<b>739,469</b>

(1) The "weapon system" item only refers to general government.

**Table 4. General government wealth** (millions of euros)

<b>Assets/Liabilities</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Dwellings	53,869	55,055	48,951	48,032	47,937	46,956	46,692	46,295
Non-residential buildings	253,743	314,496	318,577	313,641	311,675	307,301	306,057	304,131
Other structures	421,204	541,982	569,083	562,891	563,091	564,119	561,302	555,352
Land improvements	0	0	0	0	0	0	0	0
Machinery and equipment and weapons systems (1)	61,242	74,324	71,511	71,433	72,981	73,476	74,868	77,718
Transport equipment	6,164	8,399	8,046	8,142	7,705	7,070	7,000	7,316
ICT equipment	3,379	4,371	3,265	3,651	3,517	3,259	3,184	3,308
Other machinery and equipment and weapons systems (1)	51,698	61,554	60,201	59,639	61,759	63,148	64,685	67,094
Cultivated biological resources	0	0	0	0	0	0	0	0
Intellectual property products	40,787	47,937	46,404	47,654	47,486	48,195	48,668	48,652
of which: Research and development	33,993	40,306	39,496	39,328	39,169	39,759	40,118	39,910
of which: Computer software and databases	6,794	7,631	6,908	6,966	7,040	7,194	7,362	7,615
Inventories	1,397	1,814	2,291	2,539	2,842	3,102	3,275	4,410
Land under cultivation	8,337	9,833	10,377	10,528	10,654	10,687	10,655	10,655
<b>Non-financial assets (a)</b>	<b>840,578</b>	<b>1,045,441</b>	<b>1,067,194</b>	<b>1,056,717</b>	<b>1,056,665</b>	<b>1,053,836</b>	<b>1,051,517</b>	<b>1,047,212</b>
Monetary gold and SDRs	0	0	0	0	0	0	0	0
Currency and deposits	76,629	103,059	88,412	95,714	84,224	90,648	92,783	105,971
Debt securities	14,146	27,966	39,777	38,987	38,998	39,695	42,662	44,999
Loans	92,981	84,824	155,411	152,106	158,099	154,673	153,409	154,903
Shares and other equity	139,134	122,078	137,570	148,563	160,991	163,747	173,173	175,422
Derivatives	0	0	0	0	0	0	0	0
Mutual fund shares	4,229	4,229	4,229	4,229	4,229	4,229	4,229	4,229
Insurance, pension and standardised guarantee schemes	1,543	1,450	1,278	1,318	1,206	1,111	1,119	1,106
Other accounts receivable	95,685	110,515	121,114	119,797	119,404	119,813	123,311	125,550
<b>Financial assets (b)</b>	<b>424,348</b>	<b>454,121</b>	<b>547,791</b>	<b>560,714</b>	<b>567,152</b>	<b>573,916</b>	<b>590,686</b>	<b>612,180</b>
<b>Gross wealth (a+b)</b>	<b>1,264,926</b>	<b>1,499,562</b>	<b>1,614,985</b>	<b>1,617,432</b>	<b>1,623,816</b>	<b>1,627,752</b>	<b>1,642,203</b>	<b>1,659,392</b>
Monetary gold and SDRs	0	0	0	0	0	0	0	0
Currency and deposits	236,743	231,505	248,274	239,510	238,486	243,684	234,068	236,496
Debt securities	1,331,459	1,549,715	2,109,153	2,131,685	2,136,515	2,092,545	2,270,887	2,509,233
Loans	156,496	178,129	228,027	228,130	232,185	226,553	216,694	234,059
Shares and other equity	0	0	0	0	0	0	0	0
Derivatives	22,864	18,679	31,899	29,334	23,599	21,246	26,995	29,726
Mutual fund shares	0	0	0	0	0	0	0	0
Insurance, pension and standardised guarantee schemes	210	1,201	3,803	4,965	7,890	9,184	10,023	20,075
Other accounts payable	74,513	82,071	75,573	80,559	85,373	89,132	97,129	103,063
<b>Financial liabilities (c)</b>	<b>1,822,285</b>	<b>2,061,300</b>	<b>2,696,730</b>	<b>2,714,182</b>	<b>2,724,049</b>	<b>2,682,343</b>	<b>2,855,796</b>	<b>3,132,652</b>
<b>Net wealth (a+b-c)</b>	<b>-557,359</b>	<b>-561,738</b>	<b>1,081,744</b>	<b>1,096,751</b>	<b>1,100,233</b>	<b>1,054,591</b>	<b>1,213,593</b>	<b>1,473,260</b>
<i>Memorandum items</i>								
Gross Domestic Product (GDP)	1,493,635	1,611,279	1,655,355	1,695,787	1,736,593	1,771,391	1,794,935	1,653,577

(1) The "weapon system" item only refers to general government.

## METHODOLOGICAL NOTES

### Balance sheets in the national accounts framework

The national accounts framework, as defined by ESA 2010, is built around a sequence of interconnected accounts. The full sequence of accounts for the institutional sectors consists of current accounts, accumulation accounts and balance sheets.

This way it is possible to describe, in a coherent and complete framework, not only all the flows generated by current economic activities but also the accumulation process that stems from them. Institutional units use their savings, accumulating financial and non-financial assets whose value at the end of the accounting period is shown in their balance sheet. Therefore balance sheets present the value of the wealth in non-financial and financial assets and liabilities owned by institutional units; the balancing item in a balance sheet is called net worth.

**Chart. 1 Sequence of accounts**

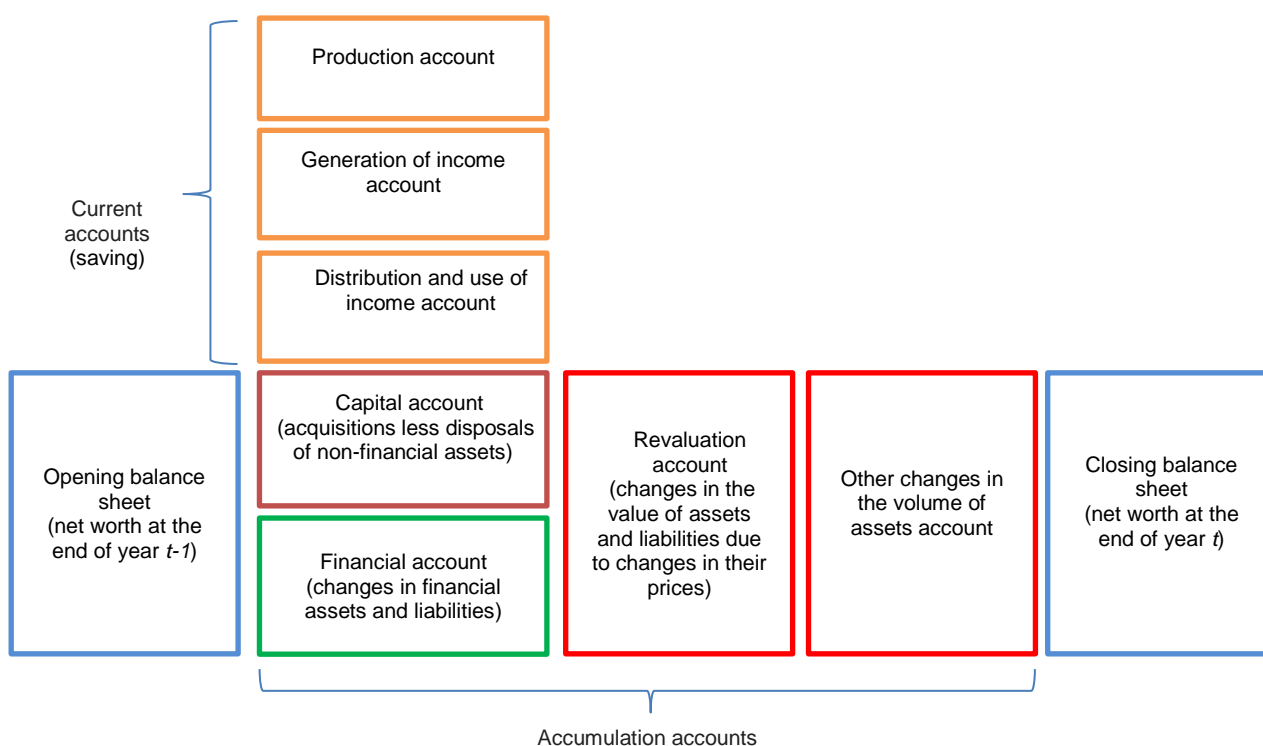


Chart 1 presents the sequence of accounts. From left to right, starting from the opening balance sheet, all changes in the values of assets and liabilities occurring in the accounting period (one year, in the statement) are recorded. Current accounts cover production and the associated generation, distribution and redistribution of income and its use in the form of final consumption. The income not directly used for final consumption is revealed in the balance sheet item 'savings', which is used for acquisitions of real and financial assets. Transactions in non-financial assets and in financial assets and liabilities are shown in the capital account and in the financial account respectively. If no other events occur, it would be possible to calculate the net worth at the end of the period by just adding all these transactions to the initial net worth figure. However, changes other than economic transactions may occur that affect the final value of assets and liabilities. Two types of other changes are distinguished. The first one is through nominal holding gains and losses, that is, increases or decreases in the asset's value accruing to its economic owner as a result of increases or decreases in its price; these flows are recorded in the revaluation account. The second change concerns other changes in the volume of assets, including flows other than transactions, such as external events

that are not economic in nature (for example catastrophic losses); they are recorded in the other changes in the volume of assets account. The ultimate effect of all these flows which occurred in the relevant period on the value of the initial stock is recorded in the closing balance sheet. Balance sheets record the values of financial and non-financial assets owned by each institutional sector and the value of liabilities held to finance its activity. Total assets, financial and non-financial, are also defined as gross wealth; net wealth is obtained by subtracting the value of liabilities from it.

Chart 2 shows all assets and liabilities for which estimates are published in this note.

**Chart 2. Net wealth composition**

ASSETS		LIABILITIES
A. NON-FINANCIAL ASSETS	Dwellings	
	Non residential buildings	
	Other structures	
	Land improvements	
	Machinery and equipment and weapons systems	
	Transport equipment	
	ICT equipment	
	Other machinery and equipment and weapons systems	
	Cultivated biological resources	
	Intellectual property products	
	of which: Research and development	
of which: Computer software and databases		
Inventories		
Land under cultivation		
B. FINANCIAL ASSETS	Monetary gold and SDRs	Monetary gold and SDRs
	Currency and deposits	Currency and deposits
	Debt securities	Debt securities
	Loans	Loans
	Shares and other equity	Shares and other equity
	Derivatives	Derivatives
	Mutual fund shares/ units	Mutual fund shares/ units
	Insurance, pension and standardised guarantee schemes	Insurance, pension and standardised guarantee schemes
	Other accounts receivable/payable	Other accounts receivable/payable
	<b>NET WEALTH (A+B-C)</b>	

In addition to the value of non-financial assets by institutional sector, the estimate of consumer durables is also published. These are durable goods that are comparable to fixed assets from an economic point of view, as they are used by households repeatedly over periods of time longer than one year (such as automobiles), but they are classified as final consumption in the national accounts.



## Non-financial assets

Information on the value of real assets is taken from statistics on the stock of non-financial assets by institutional sector published by Istat annually, in January.<sup>4</sup> Estimates are revised in accordance with the policy of revisions of annual accounts by institutional sector.<sup>5</sup>

Istat periodically publishes a statistical report on non-financial wealth and a report jointly with the Bank of Italy on the total wealth (financial and non-financial) of the institutional sectors.

In Italy, information on some types of non-financial assets defined by ESA 2010 is not available: to date, the measurement of real wealth does not cover assets such as monuments, valuables, natural resources other than land, and other non-produced non-financial assets. Furthermore, the value of residential and non-residential buildings includes the value of the underlying land, in contrast to the classification of assets defined by ESA 2010 (see also the section *International comparisons*). Non-financial assets are valued at current prices, based on prices observed on the market (such as dwellings, some types of non-residential buildings and land under cultivation) or through indirect estimation methods (for example, some types of non-residential buildings and other fixed assets; the latter are estimated applying the perpetual inventory method). Further details on estimation methods and data sources are available in the notes to the *Statistics Report 'Non-financial wealth in Italy'*, years 2005-2019, published by Istat.

## Financial assets and liabilities

Information on financial assets and liabilities used for compiling balance sheets statistics is obtained from the financial accounts. For each institutional sector, the financial accounts report the overall amount of financial wealth, the financial instruments in which it is invested (assets) and those through which it is financed (liabilities). Stocks of negotiable instruments are evaluated at end-of-period market prices.

Financial instruments defined in ESA 2010 and reported in the present publication are: monetary gold and special drawing rights (SDRs); currency and deposits; debt securities; loans; shares and other equity; derivatives; mutual fund shares; insurance, pension and standardised guarantee schemes; and other accounts payable or receivable. Financial accounts provide more detailed information for some instruments (for example, the distinction of debt securities according to original maturity and the sector of the issuer). Tables 1-5 of this publication report the same asset and liability items, even when the phenomenon does not occur for the specific sector. For example, mutual fund shares can be held by households but cannot be issued by them: therefore they are equal to zero among households' liabilities.

Financial account statistics published by the Bank of Italy are non-consolidated within sectors: for each sector and instrument there can be stocks and flows both on the asset and liability side. For example, debt securities issued by a non-financial corporation and held by another non-financial corporation appear both on the asset and the liability side of the non-financial corporations sector. Clearly, this does not impact net wealth.

More information on financial instruments and institutional sectors are available in the *Glossary* section. Further details on the methodology and the main sources used for compiling the financial accounts are available in the manual '[Italy's financial accounts](#)', Bank of Italy, *Statistics Series, Methods and Sources: Manuals*, 12 June 2018.

---

<sup>4</sup> Estimates are available in the [data warehouse I.Stat](#).

<sup>5</sup> The annual economic accounts by institutional sector are published twice a year, in April and October. Estimates included in this report are consistent with the national accounts published on 22 September 2021.

## International comparisons

The rules for preparing the national accounts are described at European level in ESA 2010 and at global level in the System of National Accounts 2008 (SNA).<sup>6</sup> The availability of concepts and definitions that are uniform across countries is necessary but insufficient in guaranteeing data comparability. The compilation of financial assets and liabilities is well-developed across the world and statistics are considered sufficiently harmonized and comparable. Instead, the compilation of non-financial assets is more recent and the harmonization process is currently underway because of the lack of sources.

The international comparisons available in this publication are mainly based on non-financial asset statistics published by Eurostat<sup>7</sup> and by the OECD.<sup>8</sup> In order to have values updated to 2020, for the United Kingdom, data from the publication "The UK national balance sheet estimates" produced by Office for National Statistics were used<sup>9</sup>. Information is incomplete for some countries in terms of items, reference period, and details on the institutional sector. Moreover, produced non-financial assets<sup>10</sup> are separated from non-produced non-financial assets,<sup>11</sup> in line with international accounting rules (ESA 2010 and SNA 2008); therefore buildings<sup>12</sup> do not include the value of underlying land, which is entered under non-produced non-financial assets.<sup>13</sup> The statistics published by the national statistical offices of some countries, e.g. Italy, do not distinguish between buildings and the value of the underlying land, arguing that the concept is clearer for users. In Italian statistics, land under cultivation is entered in a separate category.

The lack of perfect homogeneity affects international comparisons, restricting the analysis to some major economies for which non-financial asset statistics are comparable with Italian ones. Non-financial assets are computed as the sum of fixed capital and land; it excludes inventories, which are not available for several advanced countries, like Germany. The United States and Spain are excluded from the international comparison on non-financial corporations and general government because of the lack of data on land held by these sectors (Figures 7-9). Per capita net wealth of households (Figure 6) is computed as the ratio between net wealth and population.

---

<sup>6</sup> System of National Accounts 2008 (United Nations Statistical Commission-UNSC).

<sup>7</sup> Source: Eurostat, <https://ec.europa.eu/eurostat/data/database> (accessed on 13 January 2022).

<sup>8</sup> Source: OECD.Stat, <https://stats.oecd.org/> (accessed on 13 January 2022).

<sup>9</sup> Source: Office for National Statistics, "The UK national balance sheet estimates", Publication date: 2 December 2021.

<sup>10</sup> 'AN1 – Produced non-financial assets'.

<sup>11</sup> 'AN2 – Non produced non-financial assets'.

<sup>12</sup> 'AN111 – Dwellings', 'AN1121 – Non-residential buildings', 'AN1122 – Other structures', 'AN1123 – Land improvements'.

<sup>13</sup> The value of land under buildings should be included in 'AN211 – Land', together with land under cultivation.

## GLOSSARY

### Balance sheet

A balance sheet is a statement, drawn up for a particular point in time, of the values of assets owned and liabilities owed by an institutional unit or group of units. The positive balance is called net worth. The stocks of assets and liabilities recorded in the balance sheet are valued at the relevant prices, which are usually the market prices prevailing on the date to which the balance sheet relates, but for some categories at their nominal values. A balance sheet is drawn up for resident institutional sectors and subsectors, the total national economy and the rest of the world. The balance sheet completes the sequence of accounts, showing the ultimate effect of the entries in the production, distribution and use of income, and accumulation accounts on the stock of wealth of an economy.

### Computer software e databases

Computer programs, program descriptions and supporting materials for both systems and applications software. Files of data organized to permit resource-effective access and use of the data.

### Consumer durables

Consumer durables are durable goods used by households repeatedly over periods of time of more than one year for final consumption. They are included in the balance sheets as memorandum items. They are excluded from the main balance sheet because they are recorded as a use in the household sector's use of income account that is consumed in the period of account, and not gradually used up. The stocks of consumer durables held by households as final consumers — transport equipment and other machinery and equipment — are valued at market prices in the memorandum item, net of the equivalent accumulated charges for consumption of fixed capital. Durable goods, such as vehicles, are classified as either fixed assets or as consumer durables depending on the sector classification of the owner and the purpose for which they are used.

### Cultivated biological resources

Livestock for breeding, dairy, draught, etc. and vineyards, orchards and other plantations of trees yielding repeat products that are under the direct control, responsibility and management of institutional units.

### Currency and deposits

Includes: notes and coins; transferable deposits; other deposits. Notes and coins have to be issued by monetary authorities; in Italy coins are issued by the *Zecca dello Stato* but conventionally they are attributed to the central bank, which in turn records a loan towards the Central Government. Transferable deposits can be exchanged immediately for currency at par and can be used as means of payment; current accounts are a typical example. Other deposits cannot be converted immediately into currency without penalty or restriction; for example, they include fixed-term deposits, savings accounts and repos.

### Debt securities

Financial instruments serving as evidence that the issuer has a debt towards the holder. They are characterized by an issuing date and a maturity date, by an interest rate accepted by the investor and by a currency (domestic or foreign). The financial accounts distinguish securities according to their original maturity (less or more than one year) and according to the issuing sector.

### Derivatives

Derivatives are financial instruments whose value depends on an underlying financial instrument, indicator or commodity. Examples include options, futures, swaps and forward rate agreements. Stocks of derivatives are recorded in the financial accounts at fair value, i.e. at the net present value of future payments received less commissions. The item also includes employee stock options.

### Dwellings

Buildings that are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences. The purchasers' costs of transferring ownership of dwellings are included in the balance sheet value. In this note, the value of dwellings includes the value of the land underneath the dwellings.

**ESA - European System of Accounts**

ESA 2010 is an internationally compatible accounting framework for a systematic and detailed description of a total economy, its components and its relations with other total economies. ESA 2010 is consistent with the System of National Accounts (SNA) 2008, but adapted to the circumstances and needs of the European Union. It has legal status in the European Union.

**Fair value**

See: market prices

**Financial assets and liabilities**

Financial assets are stores of value representing benefits accruing to the owner by holding them over a period of time. They are a means of carrying forward values from one accounting period to another. Liabilities are established when debtors are obliged to provide payments or a series of payments to creditors. Financial assets and liabilities can be classified into different financial instruments: monetary gold, special drawing rights, currency and deposits, debt securities, loans, shares and other equity, derivatives, mutual fund shares, insurance and pension reserves and standardized guarantee schemes, other accounts payable or receivable.

**Financial accounts and balance sheets**

The financial accounts are national accounting statistics that report the financial assets and liabilities of the institutional sectors of a country in terms of both stocks and flows. A financial transaction is a negotiation between two institutional units by mutual agreement. It implies either the simultaneous creation of both a financial asset and a liability or the property change of a financial asset. For each instrument, financial transactions within an institutional sector are recorded on a net basis, both on the asset and the liability sides.

**Financial corporations**

Financial corporations consist of all resident corporations or quasi-corporations principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation: the central bank, deposit-taking corporations except the central bank and other financial intermediaries (Testo Unico delle leggi in materia bancaria e creditizia, 1° January 1994), financial auxiliaries with at least one employee, insurance corporations, pension funds and non-profit institutions serving financial corporations (for example, IVASS, Consob).

**Fixed assets**

Produced non-financial assets that are used repeatedly or continuously in production processes for more than one year.

**General government**

Institutional units that produce services and goods for individual or collective consumption mainly on a non-market basis and redistribute income and wealth. They raise funds mainly through compulsory transfers from other institutional units. The general government sector is divided into three subsectors: central government, local government, social security funds.

**Gross capital stock**

The stock of assets surviving from past investment and revalued at purchasers' prices of new capital goods in the current period.

**Gross fixed capital formation**

Gross fixed capital formation consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units.

**Gross wealth**

Financial and non-financial assets at the disposal of an institutional unit or sector as shown in the balance sheet. The assets involved in this category generate or have the potential to generate future income.

**Households**

The household sector consists of individuals or groups of individuals as consumers and as entrepreneurs producing market goods and non-financial and financial services (market producers): own account workers and sole proprietorships (*imprese individuali*) and simple partnerships (*società semplici and società di fatto*) with up to 5 employees; and financial auxiliaries with no employees. Producer households are market-oriented units; actual rents are a market production included in the output of producer households also with reference to dwellings and non-residential buildings owned by natural persons and acquired in order to rent them (a market output of households is identified). In this note, households also include non-profit institutions serving households.

**Household disposable income**

Household disposable income is the total amount of money households have available for spending and saving after subtracting income taxes and pension contributions.

**ICT equipment**

Information and communication technologies (ICT) equipment: devices using electronic controls and the electronic components used in the devices. Examples include products in Classification of Products by Activity 2008 (CPA 2008) groups 261: electronic equipment and boards, and 262: computers and peripheral equipment.

**Intellectual property products**

Fixed assets that consist of the results of research and development, mineral exploration and evaluation, computer software and databases, entertainment, literary or artistic original works and other intellectual property products intended to be used for more than one year.

**Institutional sector**

A grouping of institutional units. Institutional units are economic entities that are capable, in their own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities.

The institutional units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic behaviour:

- 1) Non-financial corporations;
- 2) Financial corporations;
- 3) General government;
- 4) Households and non-profit institutions serving households (NPISHs);
- 5) Rest of the world.

**Insurance, pension and standardized guarantee schemes**

The item is represented by the amounts accumulated by the issuers in order to face future payments to the holders. They include life insurance, pension entitlements and non-life insurance technical reserves. Examples of standardized guarantee schemes are export credit guarantees and student loans.

**Inventories**

Produced assets that consist of goods and services that came into existence in the current period or in an earlier period held for sale, use in production or other use at a later date. They consist of materials and supplies, work-in-progress, finished goods and goods for resale.

**Land improvements**

The value of actions that lead to major improvements in the quantity, quality or productivity of land, or prevent its deterioration. Examples include the increase in asset value arising from land clearance, land contouring, creation of wells and watering holes.

**Land under cultivation**

Land on which agricultural or horticultural production is carried out for commercial or subsistence purposes, including, in principle, plantations, orchards and vineyards.

**Loans**

Loans are financial instruments created when creditors lend funds directly to debtors. Loans have the following characteristics: the debtor asks for a loan, not vice versa; debt has to be repaid by an agreed date; loan conditions are set by the creditor or jointly determined by both the creditor and the debtor; a loan cannot be negotiated.

**Machinery and equipment and Weapons systems**

Transport equipment, information and communication technologies (ICT) equipment, and other machinery and equipment, other than that acquired by households for final consumption. Machinery and equipment such as vehicles, furniture, kitchen equipment, computers, communications equipment, etc., that are acquired by households for final consumption are not treated as an asset. They are instead included in the memorandum item "consumer durables" in the balance sheet for households. Weapons systems are vehicles and other equipment such as warships, submarines, military aircraft, tanks, missile carriers and launchers etc. Most single-use weapons they deliver are recorded as military inventories but others, such as ballistic missiles with highly destructive capability, that are judged to provide ongoing deterrence against aggressors are classified as fixed assets.

**Market price**

The amount of money willing buyers pay to acquire something from willing sellers.

**Monetary gold and special drawing rights**

Monetary gold is held as a reserve asset by central banks. Special drawing rights (SDRs) are international reserve assets created by the International Monetary Fund and held by its members to supplement existing reserve assets. Only central banks and the rest of the world hold monetary gold and special drawing rights.

**Mutual fund shares**

Shares issued by a specific subsector of financial corporations, i.e. by investment funds, which pool funds and invest them in financial and non-financial assets. Stocks are recorded at current redemption value or, if they are listed, at the current stock exchange price.

**Net capital stock**

The stock of assets surviving from past investment adjusted for price changes and depreciation and other volume changes.

**Net wealth**

The difference between gross wealth (financial and non-financial assets) and financial liabilities.

**Non-financial assets**

Non-financial items over which ownership rights are enforced by institutional units, individually or collectively, and from which economic benefits may be derived by their owners by holding, using or allowing others to use them over a period of time. Consists of produced non-financial assets and of non-produced non-financial assets.

**Non-financial corporations**

In Italy the institutional sector S.11 includes all incorporated enterprises (*Società per azioni*, *Società in accomandita per azioni*, *Società a responsabilità limitata*, *consorzi*) and cooperatives, together with all partnerships (*società in nome collettivo*, *società in accomandita semplice*) and sole proprietorships with more than 5 employees, whose economic behaviour is consistent with the definition of a quasi-corporation. The sector also includes Non Profit Institutions serving non-financial corporations (for instance, trade associations like Confindustria and Confcommercio), and market NPIs.

**Non-produced non-financial assets**

Non-financial assets that come into existence other than through processes of production. Non-produced assets consist of natural resources, contracts, leases and licenses, and goodwill and marketing assets.

**Non-profit institutions serving households**

Non-profit institutions serving households (NPISHs) are private non-market producers such as cultural associations, sports associations, foundations, political parties, trade unions and religious bodies that serve households. In this note, data for NPISHs are included in the household sector estimates.

**Non-residential buildings**

Buildings other than dwellings. Examples of non-residential buildings include warehouses and industrial buildings, commercial buildings, buildings for public entertainment, hotels, restaurants, educational buildings, healthcare buildings. The purchaser's costs of transferring ownership of non-residential buildings are included. In this note, the value of the land underlying non-residential buildings is included.

**Other accounts receivable or payable**

Other accounts receivable or payable are financial assets and liabilities originated by timing differences between the transaction and the actual payment. They include, for example, trade credits and debts as well as taxes which still have to be paid.

**Other machinery and equipment and Weapons systems**

Machinery and equipment not elsewhere classified. Examples include products other than parts, installation, repair and maintenance services included in Classification of Products by Activity 2008 (CPA 2008) division 26: computer, electronic and optical products (except groups 261 and 262), division 27: electrical equipment, division 28: machinery and equipment n.e.c., division 31: furniture, and division 32: other manufactured goods. Weapons systems are vehicles and other equipment such as warships, submarines, military aircraft, tanks, missile carriers and launchers etc. Most single-use weapons they deliver are recorded as military inventories but others, such as ballistic missiles with highly destructive capability, that are judged to provide ongoing deterrence against aggressors are classified as fixed assets.

**Other structures**

Structures other than residential and non-residential structures. Examples include highways, streets, roads, railways and airfield runways; bridges, elevated highways, tunnels and subways; waterways, harbours, dams and other waterworks; long-distance pipelines, communication and power lines; local pipelines and cables, ancillary works; construction for mining and manufacture; and construction for sport and recreation. The value of the underlying land is not included.

**Produced non-financial assets**

Non-financial assets that are outputs of production processes. Produced non-financial assets consist of fixed assets, inventories and valuables.

**Research and development**

Consists of the value of expenditure on creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of humanity, culture and society, and use of this stock of knowledge to devise new applications.

**Rest of the world**

A grouping of units without any characteristic functions and resources; it consists of non-resident units insofar as they are engaged in transactions with resident institutional units.

**Shares and other equity**

The item includes: shares and other equity issued by limited liability companies and equity issued by quasi-corporations (microenterprises), i.e. unlimited liability companies with at least 5 employees (see: non-financial corporations). For listed companies, the market value of shares is obtained through market capitalization; for unlisted companies and quasi-corporations, the estimation method is described in the manual '[Italy's Financial Accounts](#)', Bank of Italy, *Statistics Series*, Methods and Sources: Manuals, 12 June 2018.

**Transport equipment**

Equipment for moving people and objects. Examples include products other than the parts included in the Classification of Products by Activity 2008 (CPA 2008) division 29: motor vehicles, trailers and semi-trailers, and division 30: other transport equipment.

For technical and methodological information

---

**Francesco Vercelli**

[Francesco.Vercelli@bancaditalia.it](mailto:Francesco.Vercelli@bancaditalia.it)

**Paola Santoro**

[pasantor@istat.it](mailto:pasantor@istat.it)