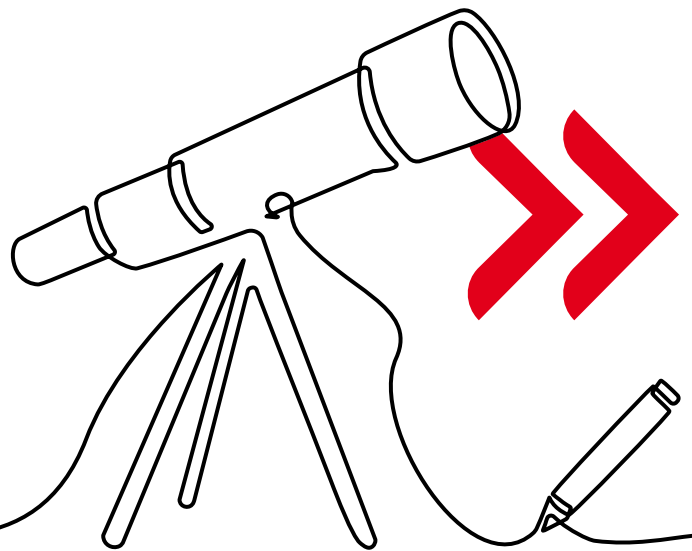


The Long View



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CEE household wealth – scope for diversification

20 November 2025

Household assets in CEE are mainly held in currency and deposits, which suggests scope for greater diversification towards financial market assets. The low share of household ownership of local government bonds and stocks leaves room for greater household allocation to these assets.

1. Household financial wealth per capita has increased almost fivefold in the past twenty years in CEE, as the region's economies have progressively converged towards those of Western Europe. This compares to twofold increase in our sample of Western European countries (Germany, Italy and Austria)
2. Nevertheless, financial wealth per capita in CEE remains around 30% of the level in Western Europe, suggesting scope for significant further convergence.
3. CEE households demonstrate a cautious approach to asset allocation, with currency and deposits remaining their main assets. This implies scope for greater diversification, for example, increasing their allocation to financial-market assets such as bonds, equities and funds.
4. The limited share of debt securities in household asset allocation suggests there is potential to increase the role that households play in government debt financing. This could also help counter external vulnerabilities. Hungary, Poland, Croatia and Czechia have made significant progress in this respect.
5. Given the conservative investment strategy of CEE households, foreign investors dominate the region's stock markets. The recent outperformance of CEE equity markets may make local stock markets more attractive to domestic household investors.

The scope of our analysis

In this note, we look at: **1.** how total household financial wealth in CEE has evolved over the past 20 years and how it compares with Western Europe; **2.** the composition of this wealth, namely how households allocate it across assets; and **3.** the ownership structure of CEE government bonds and stock markets and the scope for these assets to play a greater role in household asset allocation.

The following three methodological aspects have guided our analysis:

First, we define household financial wealth as the assets reported in the household balance sheet in the national accounts published by Eurostat¹ and, for the US, by the Federal Reserve with consistent methodology. This includes currency, deposits, debt securities (bonds), equity (listed shares, unlisted shares and other equity, the latter two mainly being owner equity, which does not play a major role in household saving decisions and may be heavily concentrated by owner), shares of investment funds, insurance, pensions and other.

Second, we focus our analysis on financial assets, and do not include non-financial wealth, such as real estate. While such wealth is an essential element of household assets, especially in CEE, comparable data is limited. To gain a more complete picture of the balance sheet we will analyse household liabilities in another note. Changes in assets over time reflect both changes in quantities of assets and changes in valuation.

Third, the analysis deals with financial wealth for households on aggregate. While it is relevant and important how this wealth is distributed and how the distribution has changed over time, it is out of the scope of this note.

Room for further convergence with Western Europe

Over the past twenty years, total household financial wealth per capita in CEE has increased significantly, by almost five times², as CEE economies have progressively converged towards those of Western Europe, implemented reforms and joined the EU. This compares to a doubling, on average, in our sample of Western European countries (WE)³. In terms of absolute value, total CEE household assets have increased from around EUR 450bn to EUR 2,300bn over this period.

Despite this large increase, financial wealth per capita in CEE remains around 30% of the level in Western Europe, suggesting scope for further significant convergence as CEE economies continue to narrow the income gap to Western Europe. Chart 1 shows financial wealth per capita for various CEE and Western European countries for 2004 and 2024. Czechia and Slovenia have the highest levels in CEE, at around 40% of the WE average, reflecting a higher stage of convergence. They are followed by Croatia and Hungary, with wealth per capita of around 30% of WE, and then the other CEE countries with ratios of 20% or below.

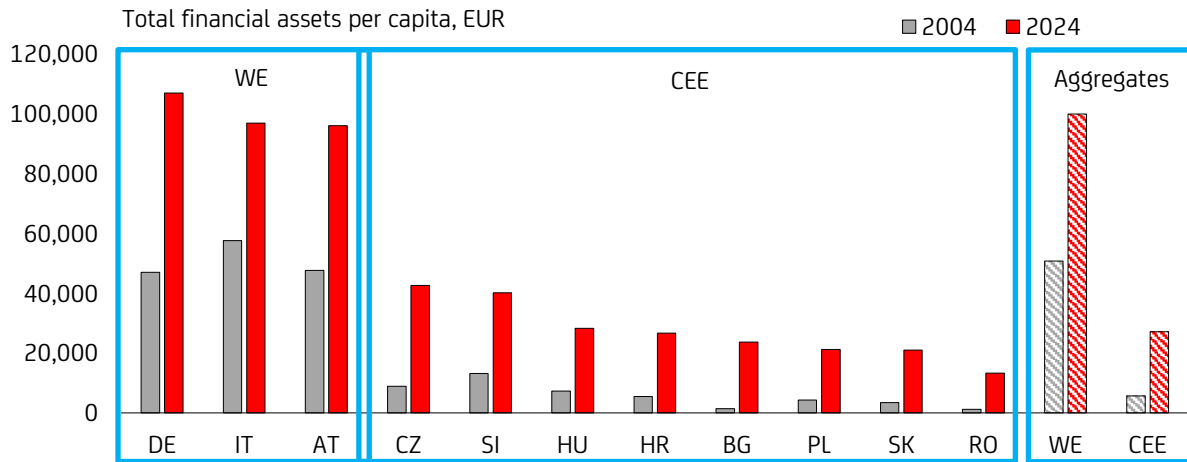
The gap between CEE and WE suggests significant scope for further convergence but could also be partly the result of a greater tendency for CEE households to invest in non-financial assets, namely housing. Chart 2 shows that CEE countries have the highest home-ownership rates in the whole region, which could also reflect historically limited access to stable investment opportunities in the post-communist countries and less stable financial conditions during the transition to market economies.

¹ Database [\[nasa_10_f_bs\] Financial balance sheets - annual data](#) ; Definitions [Chapter 7 - Balance sheets*](#)

² In this note figures relating to CEE as a whole are calculated as simple averages across countries

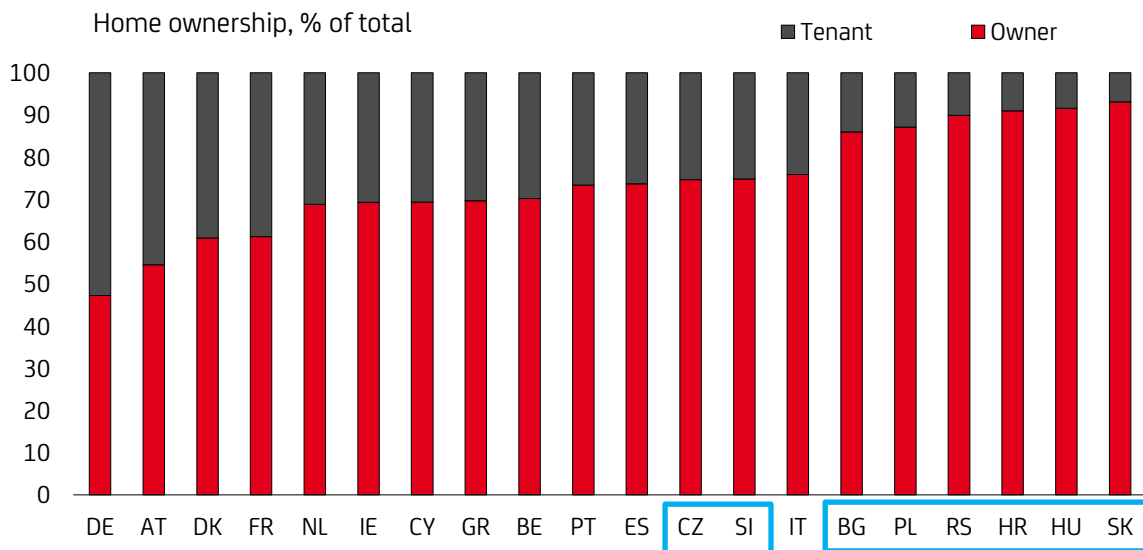
³ Germany, Italy, Austria

CHART 1: ROOM FOR FURTHER CONVERGENCE WITH WESTERN EUROPE



Note: WE and CEE are simple averages of the values for the individual countries shown in the chart
Source: Eurostat, The Investment Institute by UniCredit

CHART 2: HOME OWNERSHIP IN CEE COUNTRIES IS THE HIGHEST IN THE EU



Source: Eurostat, The Investment Institute

Currency and deposits are the main assets – scope for diversification

Currency and deposits are the main assets held by CEE households, with a share of total assets of between 30% and 50%, indicating a clear preference for safe and liquid assets. This preference reflects different factors: historical, such as the preference for home ownership, and more structural, such as less developed financial markets, the features of the pension system and tax incentives. For most CEE countries, the share of currency holdings and deposits is higher than in Western European countries, where it ranges between 27% and 39%, and much higher than in the US, where it is only 11%, due to US households having a greater preference for financial-market assets (Chart 3). This difference could also partly reflect a larger informal economy in CEE compared to Western Europe. Importantly, in Hungary, we included retail bonds (10% of total assets) in the category currency and deposits as this asset has features that resemble more closely a transferable deposit than an investment in a financial asset.

The share of financial-market assets (debt securities, listed equities and shares of investment funds) in total household wealth in CEE is small, which suggests scope for greater diversification in asset allocation. Financial-market assets represent around 10% or less in most countries, except for Hungary (19%), Czechia (17%) and Slovakia (16%), where the share of total assets is closer to the level seen in Western European countries. This likely reflects the more-developed capital markets in these countries.

Pension assets typically represent a small share of total assets in CEE countries, accounting for less than 10%, with three notable exceptions: Croatia (with a share of 24%), due to compulsory employee contribution schemes; Slovakia (18%), due to similar compulsory contributions, as well as tax incentives; and Romania (12%), where there are some tax incentives for voluntary contributions to pensions. In Hungary, the nationalisation of the second (compulsory) pillar⁴ of the pension system in 2010 left a marginal role for the third pillar in household savings, crowded out by more attractive conditions offered by government retail bonds.

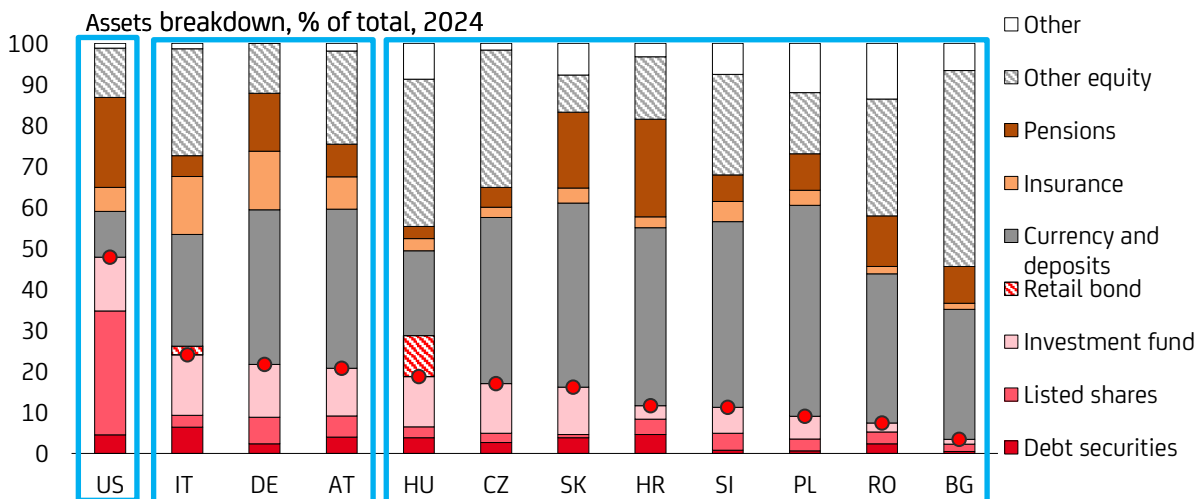
Regarding insurance assets, the difference to Western Europe is more striking, with these assets making up less than 5% of total assets in most CEE countries, which compares with 14% in Germany and Austria and 8% in Italy. This is mainly due to higher take up of life insurance in Western Europe, probably reflecting greater financial awareness.

Pensions and insurance policies can also involve a discretionary investment decision, for example life insurance products and pension systems that provide incentives for voluntary contributions. In addition, even when there is no discretion, pensions and insurance policies could affect investment decisions. For example, in Croatia, the compulsory employee contribution scheme could lead to households with lower income having fewer resources available to invest in other assets.

The “other equity” asset class mainly represents business owners’ equity and, while large, it is less relevant for our analysis as it does not involve an explicit asset-allocation decision (but could still affect such decisions, to some extent).

Overall, and with some exceptions, households in CEE appear to have a preference for safe and liquid assets such as currency and deposits. This implies scope for more diversification, in particular towards financial-market assets. In the sections below, we look the ownership structure of CEE government bonds and stock markets and the extent to which households might allocate a greater share of their savings to these assets.

CHART 3: CURRENCY AND DEPOSITS ARE THE MAIN ASSETS



Note: **1.** For Hungary, for debt securities we subtracted retail bonds; **2.** Market assets include debt securities, listed shares and shares of investment funds. Source: Eurostat, Federal Reserve, National Bank of Hungary, Macrobond, The Investment Institute by UniCredit

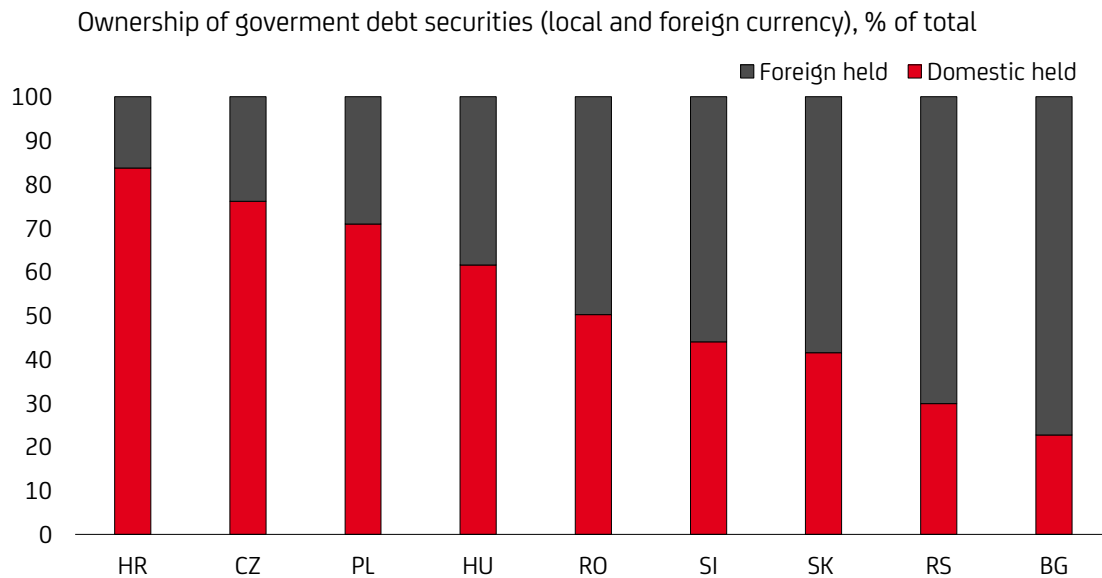
⁴ For the definition of the pensions pillars please see the World Bank Pension Conceptual Framework [World Bank Document](#)

A greater role for households in CEE government debt financing?

In most CEE countries, households have a limited role in direct government debt financing, which suggests there is a potential for domestic government bonds to play a greater role in household asset allocation if supported by regulatory steps, tax incentives or targeted marketing efforts by government debt agencies.

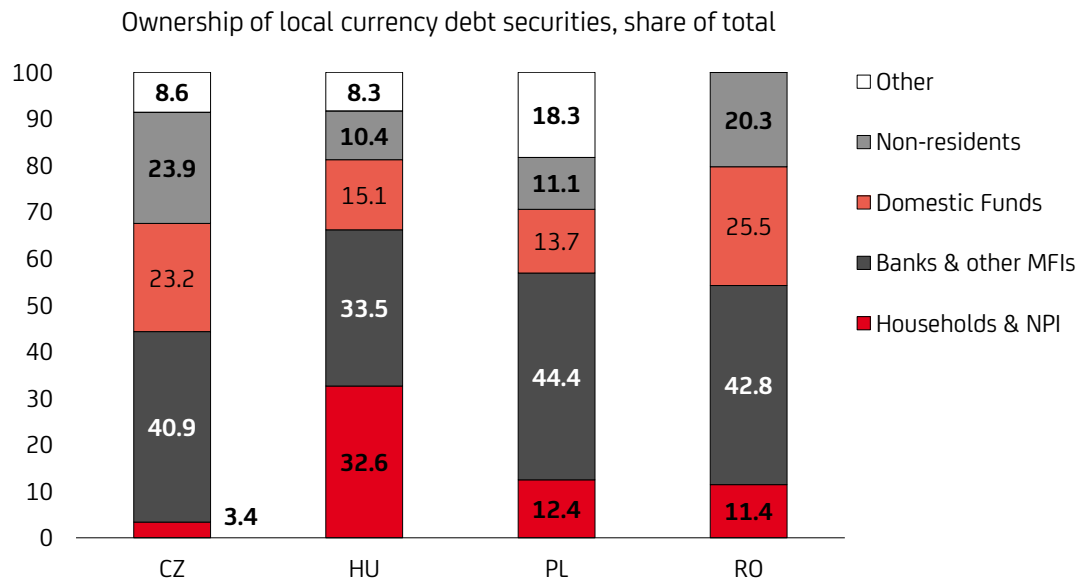
The conservative investment strategy of CEE households, generally lower penetration rates of pension and investment funds, and in some cases lower external rates, result in elevated reliance on external funding for many CEE governments. Among the CEE economies we cover, Bulgaria and Serbia have the largest share (over 70%) of foreign-held government debt, despite relatively low public debt ratios (23.6% and 47.5% of GDP, respectively, in 2024), as the limited absorption of domestic debt and limited FX risks (both countries have narrowly managed exchange-rate regimes) pushes government financing primarily towards external markets and bilateral loans.

CHART 4: HIGH SHARE OF EXTERNAL FUNDING IN MANY CEE COUNTRIES



Source: Macrobond, The Investment Institute by UniCredit

CHART 5: HOUSEHOLDS PLAY A LIMITED ROLE IN GOVERNMENT FINANCING IN MOST CEE COUNTRIES



Source: Macrobond, The Investment Institute by UniCredit

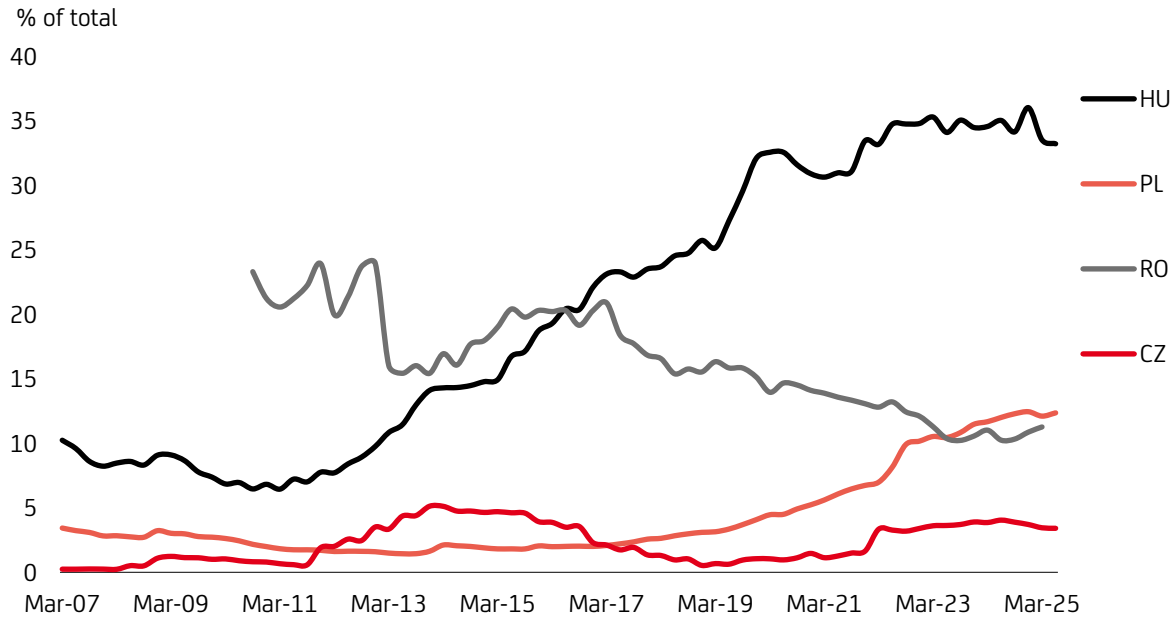
Hungary and Poland have both made efforts over the last decade to increase the role of households in government funding, which has helped to significantly lower their reliance on external funding. The share of direct retail holdings of local-currency government debt is highest in Hungary, at close to 33%, having increased rapidly from 10% in 2012. The shift has been supported by tax incentives and attractive coupons offered by retail bonds, and was mirrored by a 20% decline in Hungary's reliance on external creditors in government-debt financing since 2012, despite only a marginal decline in the public-debt ratio over the same period, albeit at an increased cost.

In Poland, the stock of government debt owned by retail investors has quadrupled since 2020, which, along with tax incentives for local banks to hold POLGBs, has contributed to a reduction in external financing to 29% of total government debt and to only 11% in local-currency-denominated government debt. Czechia's relatively low public-debt ratio (44% of GDP) and the highest household financial savings in the region increases the country's resilience to external vulnerabilities. Czechia relies almost entirely on CZK-denominated debt issuance, which is predominantly absorbed by local banks and domestic investment funds, supported by ample liquidity from retail investors, whereas direct retail holding of government debt is much lower than its CEE peers.

Croatia stands out in the role that pension funds play in household-savings portfolios, which exceeded 29% of GDP in 2024 and is comparable to the proportion of GDP allocated to pension funds in Germany. The buy-and-hold strategy of pension funds provides stability to local-government debt markets. Moreover, the share of foreign-held government debt has almost halved over the past ten years, which has contributed to Croatia's positive credit-rating momentum. Croatia also started selling retail government securities in 2023, which have reached close to 8% of the outstanding stock of total government securities over the last two years but still represent a small share of overall household financial assets.

Considering the increasing burden that public pension systems face, given an ageing population and weak demographic trends, governments are likely to work on strategies to elevate the role of private pensions and increase household savings through tax incentives, regulatory measures and improved financial education. Such measures may support an overall increase in the household savings rate and a shift from cash and deposits towards increased allocations to government securities, either directly or with the intermediation of domestic funds. These steps may increase the pool of domestic government financing sources and help to reduce external vulnerabilities.

CHART 6: HOUSEHOLD DIRECT HOLDINGS OF LOCAL-CURRENCY-DENOMINATED GOVERNMENT DEBT SECURITIES



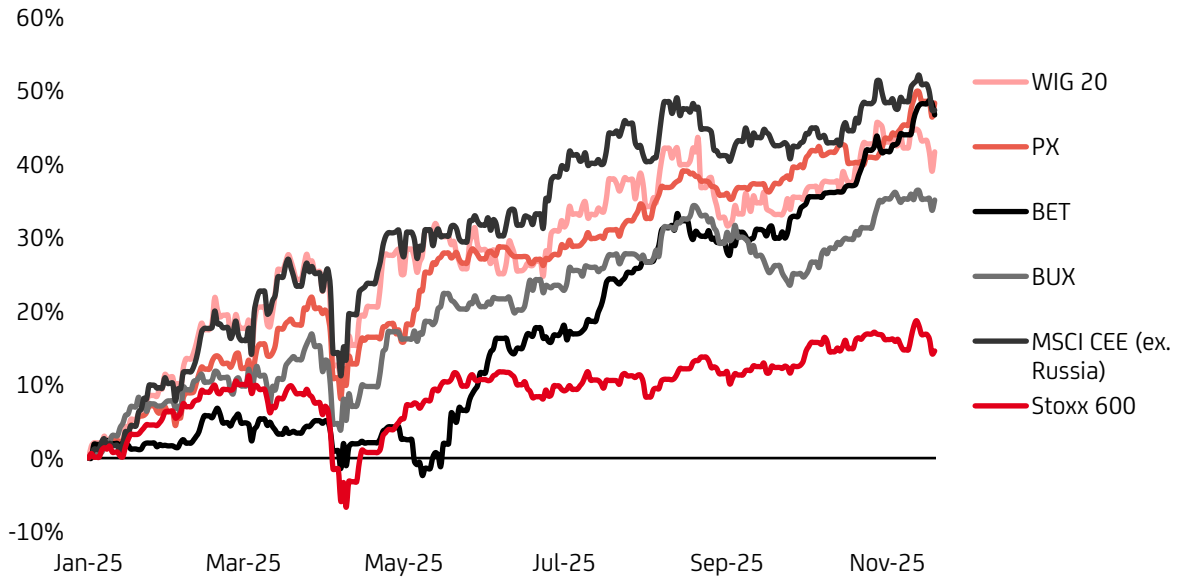
Source: Macrobond, The Investment Institute by UniCredit

Liquidity constraints and conservative investment strategies limit household equity portfolios

CEE households invest significantly less in listed shares than their Western European peers, which reflects a more conservative investment strategy. The 1-5%-of-GDP range of retail holdings in listed shares among the CEE economies, which also includes foreign listed shares, compares to a 13.7% share held by German households.

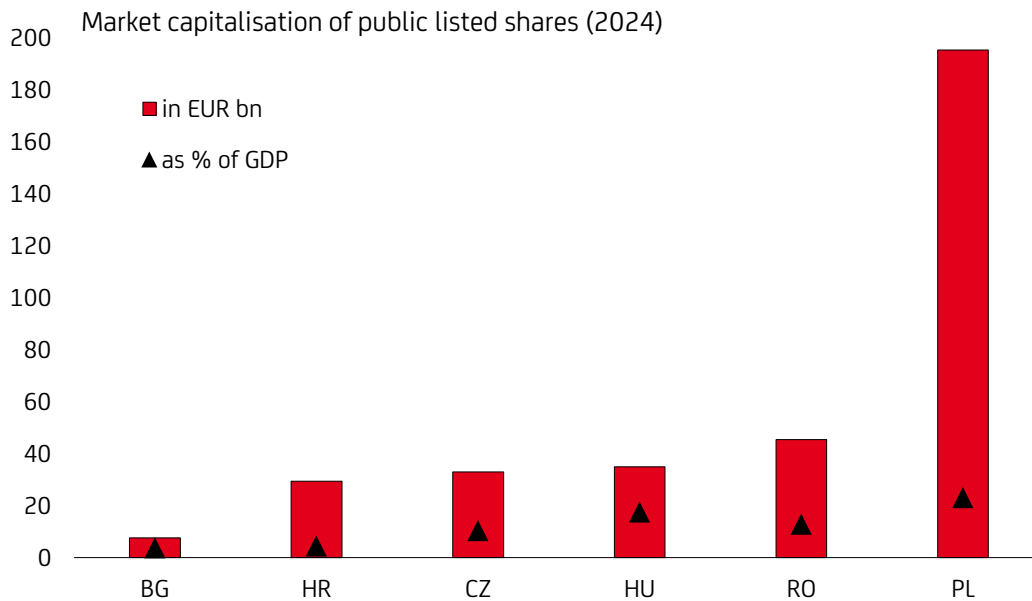
While the relatively small size of local equity markets, with their limited offering of liquid listed shares, is likely to constrain a rapid rise in retail stock holdings, the impressive performance of CEE equity markets over the last two years, together with declining interest rates in the region, may increase interest in equity investments. We think retail investors may become more active, especially in stock markets that have a sufficient size by market capitalization; offer multiple liquid, traded stocks for diversification; remain active in IPOs and that list strong domestic brands well-known among retail investors. The Polish stock market stands out in this respect, but larger IPOs may also be in the pipeline in Czechia and Romania.

CHART 7: CEE STOCK MARKETS HAVE SIGNIFICANTLY OUTPERFORMED EUROPEAN BENCHMARKS THIS YEAR



Source: Bloomberg, Macrobond, The Investment Institute by UniCredit
Note: CEE benchmark indices charted include WIG 20 for Poland, PX for Czechia, BET for Romania and BUX for Hungary

CHART 8: LIQUIDITY AND LIMITED PUBLIC LISTINGS STILL CONSTRAIN CEE STOCK MARKET INVESTMENTS



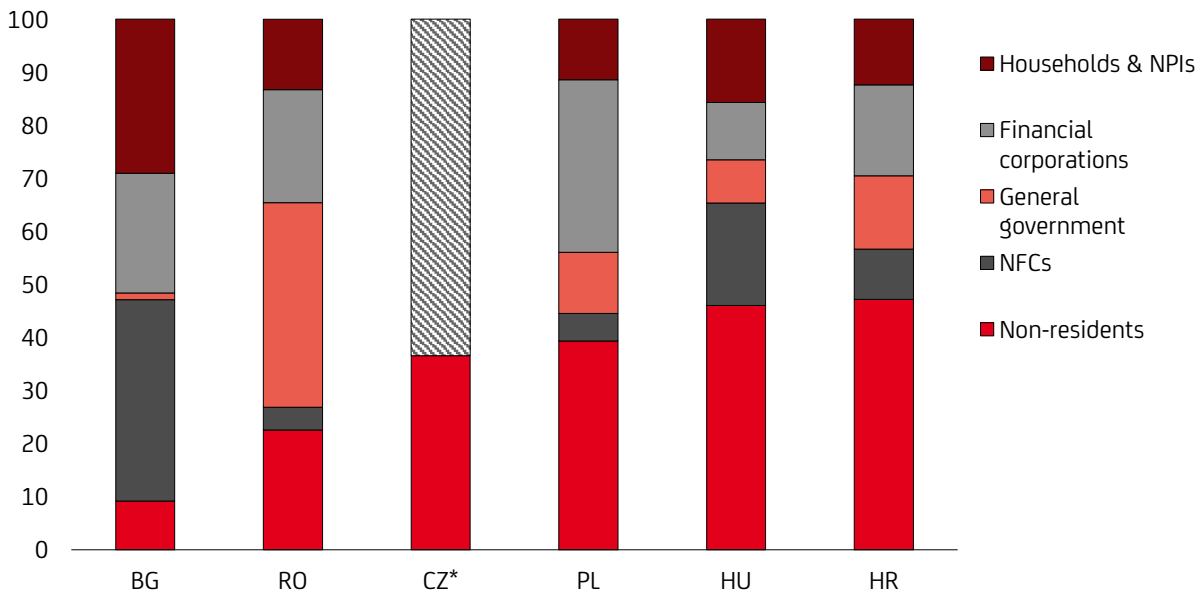
Source: Bloomberg, Macrobond, The Investment Institute by

Given their limited involvement, CEE households play only a marginal role in local equity markets, accounting for just 12-15% of share ownership. In CEE, Poland stands out in terms of the role that domestic financial institutions play on the local stock market, which may reflect a stronger home bias by local equity-oriented investment funds, given better liquidity conditions and the biggest domestic stock market as a share of GDP among its CEE peers. In Romania, the government's fiscal plans include an increase in the public offering of state-controlled companies.

Assuming the privatisation plans will primarily attract non-resident investors, the ownership structure in Romania may shift closer to other regional markets.

The dominant role of non-resident investors in CEE stock markets suggests that local markets have a high correlation with global equity market trends. Following a 35-50% year-to-date performance in CEE stock markets, we expect increased interest in the region, especially from European investors, as the exceptionalism of US markets fades and investors look for more stable, domestic-demand-oriented investments.

CHART 9: OWNERSHIP STRUCTURE OF PUBLIC LISTED SHARES ISSUED BY RESIDENT COMPANIES IN CEE



Note: For Czechia, only domestic/non-resident ownership split is available
Source: Eurostat, The Investment Institute by UniCredit

Conclusions

Household financial wealth per capita has increased almost fivefold in the past twenty years in CEE as the region's economies have progressed towards economic convergence with Western Europe. This compares to a doubling of the same metric in our sample of Western European countries (Germany, Italy and Austria).

Nevertheless, financial wealth per capita in CEE remains around 30% of the level in Western Europe, suggesting scope for significant convergence.

CEE households show a cautious approach to asset allocation, as currency and deposits remain their main assets. This implies scope for greater diversification, for example, a larger allocation to financial-market assets such as bonds, equities and funds.

The limited share of debt securities in household asset allocation suggests there is potential to increase the role of households in government debt financing. This could also help to reduce external vulnerabilities. Hungary, Poland, Croatia and Czechia have made significant progress in this respect.

Foreign investors are dominant owners in CEE stock markets, given the conservative investment strategy of households in the region. The recent outperformance of CEE equity markets may make local stock markets more attractive to households, especially in the more liquid markets.

Authors⁵

Eszter Gárgyán, CFA, FX Strategist - CEE (UniCredit, Munich), eszter.gargyan@unicredit.de

Mauro Giorgio Marrano, Senior CEE Economist (UniCredit, Vienna), mauro.giorjomarrano@unicredit.eu

Editor

Edoardo Campanella, Director and Chief Editor of The Investment Institute (UniCredit, Milan)

edoardo.campanella@unicredit.eu

UniCredit S.p.A.

The Investment Institute by UniCredit, Piazza Gae Aulenti, 4, I-20154 Milan

www.the-investment-institute.unicredit.eu

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