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Research Institute

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Global Wealth Report 2014

Contents

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Introduction

The Credit Suisse Global Wealth Report provides the most comprehensive and up-to-date source of information on global household wealth. Since 2010, we have collaborated with Professors Anthony Shorrocks and Jim Davies, recognized authorities on this topic, and the principal authors of "Personal Wealth from a Global Perspective," Oxford University Press, 2008. Unlike other studies, this report measures and analyzes trends in wealth across nations from the very base of the "wealth pyramid" to the ultra-high net worth individuals. The methodology is robust, established over many years of analysis, and completely transparent with regard to the underlying sources and their quality.

Although the global economic environment has remained challenging, total global wealth has grown to a new record, rising by USD 20.1 trillion between mid-2013 and mid-2014, an increase of 8.3%, to reach USD 263 trillion – more than twice the USD 117 trillion recorded for the year 2000. With an 11.4% year-on-year increase, wealth creation was particularly strong in North America, where it now stands at USD 91 trillion, or 34.7% of total wealth. Europe made the second largest contribution, with wealth increasing 10.6% to USD 85.2 trillion. In both regions, capital markets were a key source of wealth growth: equity market capitalization grew by 22.6% in the United States, while Canada, France and Germany all recorded gains close to 30%.

As we noted last year, Asia and particularly China will account for the largest portion of newly created wealth among the emerging markets. However, we find that emerging-market wealth growth has not been able to maintain its momentum from the pre-crisis period between 2000 and 2008. This should not distract from the fact that personal wealth in India and China has risen by a factor of 3.1 and 4.6 since 2000. While we have seen an uptrend in the share of wealth in emerging markets, that trend has come to a halt in recent years, mainly due to a de-acceleration in growth and underperforming equity markets. However, we expect to see a big improvement in the position of emerging economies over the next five years.

We devote this year's special topic to wealth inequality. The changing distribution of wealth is now one of the most widely discussed and controversial of topics, not least owing to Thomas Piketty's recent account of long-term trends around inequality. We are confident that the depth of our data will make a valuable contribution to the inequality debate.

Over the last four years, the Credit Suisse Wealth Report has become a key reference on one of the most crucial issues in contemporary economics. Its findings are now highly anticipated. It is a premier example of the Credit Suisse Research Institute's thought leadership and proprietary research, and we are determined to maintain that tradition.

Hans-Ulrich Meister,
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Chief Executive Officer Region Switzerland

Robert S. Shafir,
Head Private Banking & Wealth Management and
Chief Executive Officer Region Americas

Global wealth 2014: The year in review

Now in its fifth edition, the Credit Suisse Global Wealth Report provides the most comprehensive and timely information on global household wealth. Despite the challenging economic environment, wealth has recently grown at a record pace, rising by USD 20.1 trillion over the past year to reach USD 263 trillion. Reflecting increasing concern about the distributional consequences of rapid wealth growth, the report this year considers in more detail the level and trend of wealth inequality.

Record increases in global household wealth

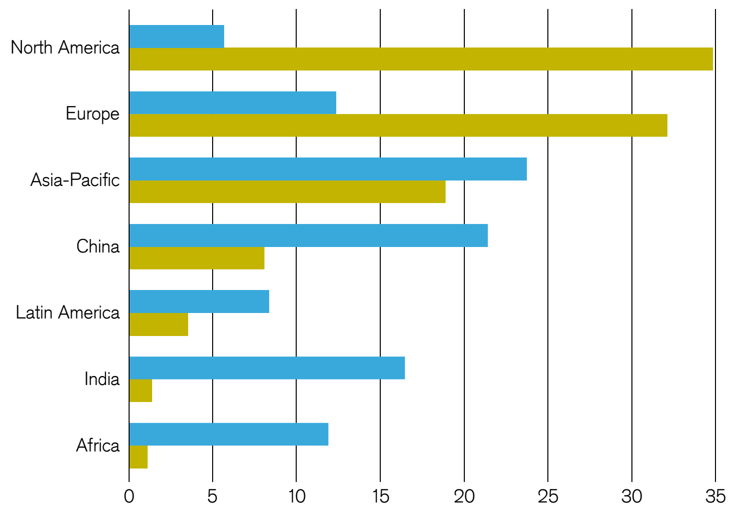
The overall global economy may remain sluggish, but this has not prevented personal wealth from surging ahead during the past year. Driven by healthy housing markets and robust equity prices, total wealth grew by 8.3% worldwide to reach USD 263 trillion, the first time household wealth has passed the USD 250 trillion threshold (see Table 1). The annual rise of USD 20.1 trillion is the largest recorded since 2007 and continues a trend which has seen global wealth increase every year since 2008, so that it now stands at 20% above the pre-crisis peak and 39% above the recent low in 2008. When calculated using constant exchange rates, the recent gains are even more impressive. For the calendar year 2013, we estimate that global wealth rose by USD 21.9 trillion. This is more than the amount gained in any other 12-month period since 2000, and it exceeds the total loss resulting from the financial crisis in 2007–2008 (USD 21.5 trillion). On that basis, it seems likely that personal wealth has recently been rising at the fastest rate ever recorded.

Given population growth, average wealth has grown at a slower pace, but the overall picture is similar. Wealth per adult passed the USD 50,000 benchmark in 2012 and achieved a new record high of USD 56,000 in mid-2014. The rise of USD 3,450 per adult since mid-2013 exceeds the increase in any previous year since the financial crisis, while the rise of USD 3,900 calculated for calendar year 2013 with fixed exchange rates beats all years since 2000, and is probably the highest ever achieved in a single year.

Figure 1

Wealth and population by region, 2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



The regional distribution of wealth

The distinctive regional pattern of wealth ownership may be seen by comparing the share of household wealth of each region with its share of the adult population. North America is the region with the highest average wealth. It is also the region with the largest share of total wealth (34.7%), although Europe's greater population means that its wealth share (32.4%) is only slightly lower (see Figure 1). The 18.9% share of wealth held in Asia-Pacific countries (excluding China and India) is not far from

PHOTO: SHUTTERSTOCK.COM/PAULPRESCOTT72

Table 1

Change in household wealth 2013–2014, by region

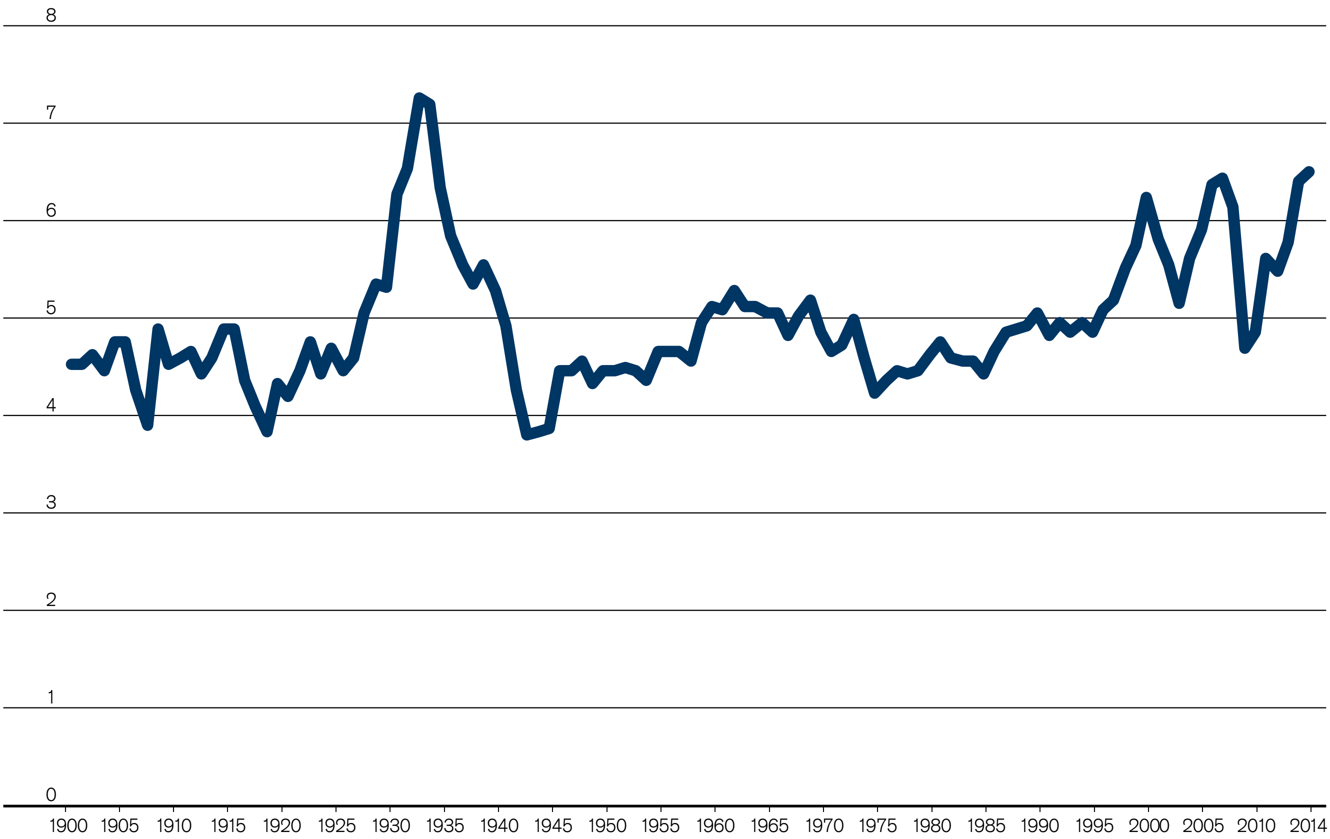
Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

	Total wealth	Change in total wealth		Wealth per adult	Change in wealth per adult	Change in financial assets		Change in non-financial assets		Change in debts	
	2014 USD bn	2013–14 USD bn	2013–14 %	2014 USD	2013–14 %	2013–14 USD bn	2013–14 %	2013–14 USD bn	2013–14 %	2013–14 USD bn	2013–14 %
Africa	2,831	167	6.3	5,080	3.5	106	7.5	74	4.9	12	4.3
Asia-Pacific	49,849	1,753	3.6	44,715	1.8	1,447	5.0	941	3.4	636	7.5
China	21,404	715	3.5	21,330	2.3	443	4.1	502	4.5	229	16.7
Europe	85,200	8,149	10.6	145,977	10.4	4,740	12.0	4,659	9.0	1,251	8.9
India	3,604	–36	–1.0	4,645	–3.1	3	0.6	–16	–0.5	23	10.4
Latin America	9,113	–11	–0.1	22,997	–1.9	–11	–0.3	39	0.6	39	3.3
North America	91,240	9,370	11.4	340,340	10.2	6,615	9.9	3,174	10.5	417	2.7
World	263,242	20,108	8.3	56,016	6.6	13,343	8.8	9,373	7.1	2,608	6.4

Figure 2

Ratio of wealth to disposable income in the United States, 1900–2014

Source: US Federal Reserve Board (1900 – 2013); James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



the population share of the region (23.7%). Elsewhere, the disparity between population and wealth becomes increasingly apparent. Despite making enormous strides in recent years, China accounts for 21.4% of the adult population of the world, yet only 8.1% of global wealth. The ratio is similar for Latin America: 8.4% to 3.5%. But for Africa and India, the population share exceeds the wealth share by a multiple of more than ten.

The United States is the engine of growth

While many countries – particularly Western European nations – achieved sizeable increases in household wealth, the United States led the way again with a rise of USD 8.9 trillion for the 12 months ending mid-2014. For the calendar year 2013, we estimate that USD 12.9 trillion was added to the stock of personal wealth. This exceeds the gain in any 12-month period (or by any other country) since our series began in 2000 and trumps the total amount (USD12.3 trillion) lost by residents of the United States during the financial crisis. Thus, the United States has recovered in a single year all the assets lost during one of the most serious financial setbacks in history.

This rapid rise in wealth in the United States strongly reinforces the recent trend, which has seen wealth per adult rise every year since 2008. As a consequence, average wealth is now 19% above the pre-crisis peak achieved in 2006, and 50% above the post-crisis low in 2008. In total, USD 31.5 trillion has been added to household wealth in the United States since 2008, equivalent to almost two years' GDP. By any standards, this is a huge injection of funds for consumption or investment, which is likely to reverberate for many years to come.

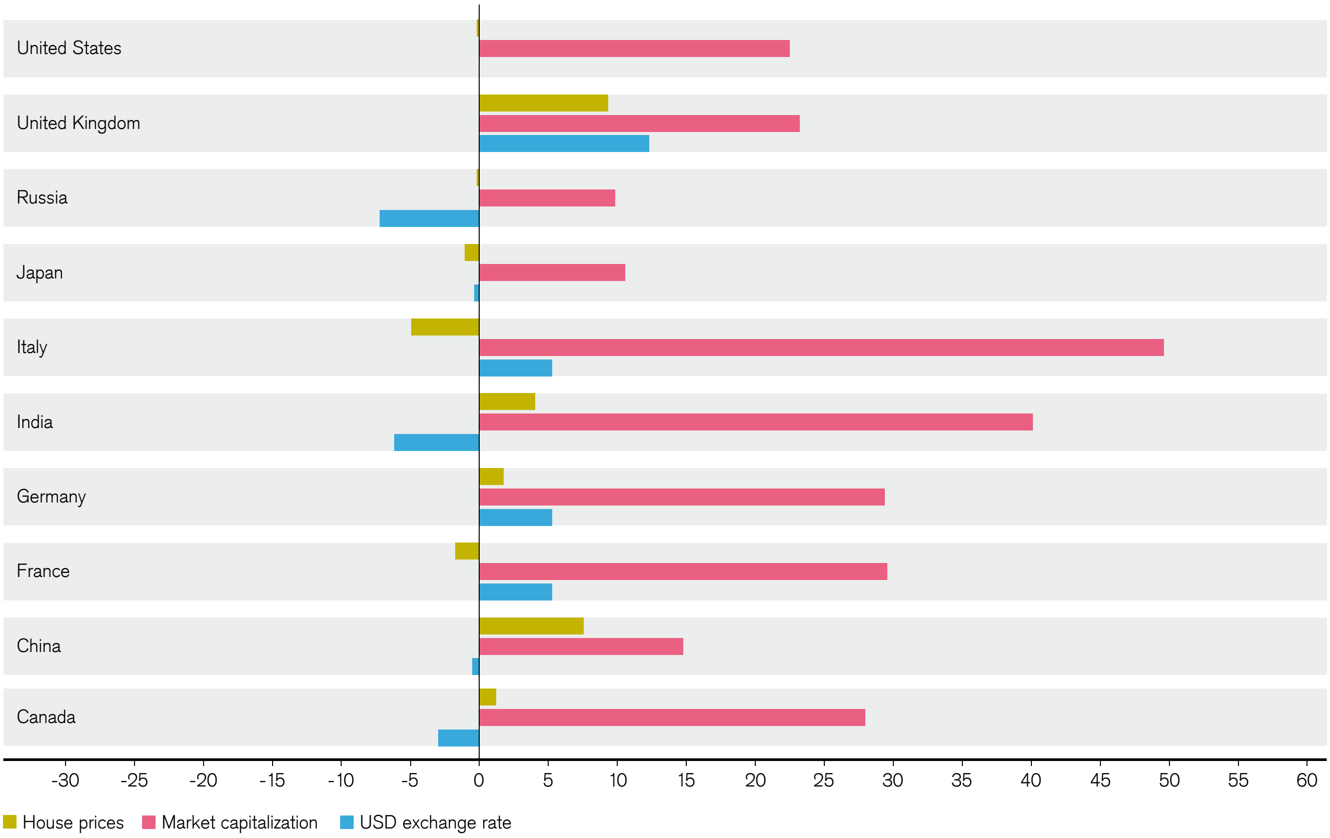
Since wealth has grown at a faster pace than income, the ratio of wealth to income has trended upwards recently. Figure 2 reproduces and updates the ratio of wealth to disposable income since 1900, which we presented in the Global Wealth Report for 2011. For more than a century, the wealth income ratio has typically fallen in a narrow interval between 4 and 5. However, the ratio briefly rose above 6 in 1999 during the dot.com bubble and broke that barrier again during 2005–2007. It dropped sharply into the "normal band" following the financial crisis, but the decline has since been reversed, and the ratio is now at a recent record high level of 6.5, matched previously only during the Great Depression. This is a worrying signal given that abnormally high wealth income ratios have always signaled recession in the past.

The rise in wealth recorded in Table 1 for North America reflects strong asset growth in both Canada and the United States, split 2:1 in favor of financial assets, as in the world overall. Europe made the second largest contribution, adding USD

Figure 3

Change in market capitalization, house prices and USD exchange rate (%), 2013–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



8.1 trillion to the global total. Elsewhere, China gained USD 715 billion (3.5%), and the Asia-Pacific region (excluding China and India) saw a similar percentage improvement, helped by the fact that Japan had a neutral year, unlike 12 months ago when depreciation of the yen caused total household wealth to drop by more than USD 5 trillion. Exchange rate changes had little overall effect this year in China, the Asia-Pacific region and Africa, where the small rise in wealth is slightly higher when exchange rates remain constant. But currency depreciation in India and Latin America was sufficient to transform an increase in wealth, when measured using constant exchange rates, into a small decrease in wealth using current exchange rates.

Asset prices: Strong equity markets a key source of wealth growth

Over long periods, trends in household wealth are strongly related to economic growth, saving rates, and other economic and demographic factors. Over shorter timespans, however, changes in household wealth across regions and countries are sensitive to movements in asset prices and exchange rates. Last year, these factors were generally supportive and, in the case of equity prices, abnormally strong in many countries. Given that financial assets are disproportionally held by wealthier cohorts, this certainly reinforced the debate about the distributional effects of ongoing central bank asset purchase programs, or quantitative easing (QE).

In a normal year, a 22.6% rise in market capitalization would have placed the United States close to the top of the country rankings: this year the United States occupied seventh place among the ten countries listed in Figure 3 (the G8 countries plus China and India). Looking further afield, the United States fell in the bottom half of the 50 economies that we monitor in detail. Canada, France and Germany all recorded gains close to 30%, while capital markets rose by 40% in India and New Zealand, by 50% in Denmark, Italy and Spain, and by 65% in Argentina. Viewed in this context, the 10% rise in Japan and Russia was very modest, although Mexico fared worse with a slight decline, and equity prices dropped in Chile, Indonesia, Turkey and Ukraine by an average of 10%.

House price movements are another source of changes in household wealth, influencing the non-financial component. Last year, the median house price rise was 2.4%, roughly the level experienced by Germany and India, amongst others. Property owners in China (8%), Australia (8%) and the United Kingdom (9%) did better than average, but these were topped by 11% rises in Colombia and Turkey, and by rises above 15% in Peru, the Philippines and the United Arab Emirates. Elsewhere, house prices were flat in Russia and in the United

Figure 4

Change in total wealth 2013–2014 (USD bn), biggest gains and losses

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

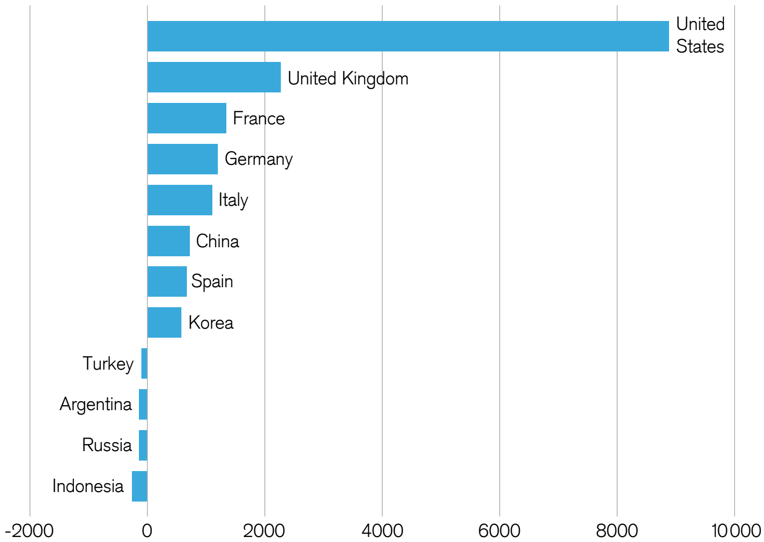
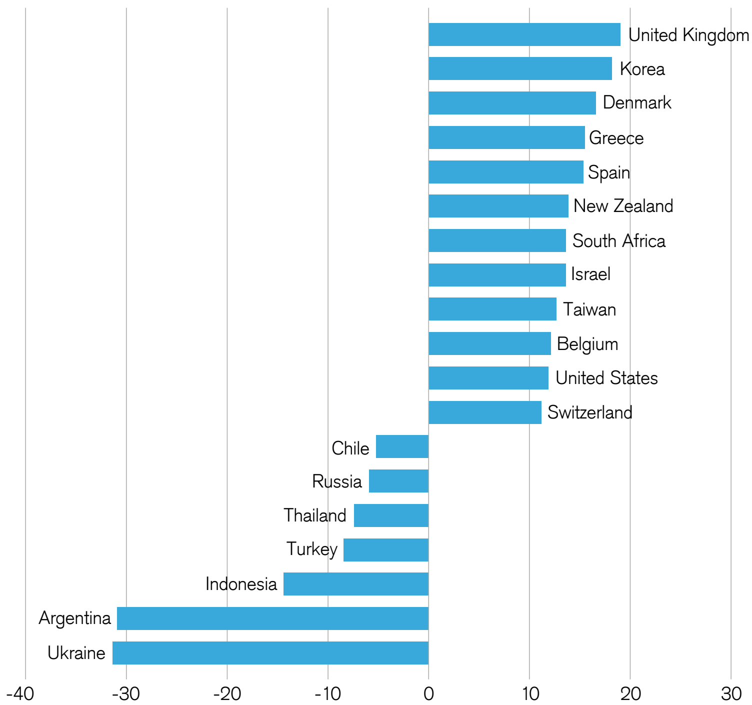


Figure 5

Percentage change in household wealth 2013–2014, biggest gains and losses

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



States, declined a fraction in France, Japan and Singapore, and dropped by around 5% in Greece and Italy.

Euro and pound appreciation

The positions of individual countries in the global wealth league table are sensitive to exchange rates versus the US dollar. Europe has been the main beneficiary of currency appreciation this year, with the euro gaining 5.3% and the British pound topping the table with a rise of 12.4%. Korea was a close second with 11.5%, while the rates for New Zealand, Poland, Switzerland and Taiwan all rose by 8%. At the other end of the scale, India, Russia and Thailand depreciated by 6%–7%, Chile, Indonesia and Turkey by more than 10%, and Argentina and Ukraine by more than 30%. Overall, the impact of USD appreciation outweighed the impact of depreciating currencies. Between mid-2013 and mid-2014, total global wealth grew by 8.3% when measured in current USD but by 7.0% when calculated using constant USD exchange rates.

Winners and losers among countries

The extent to which the United States dominates the global wealth picture this year is evident from Figure 4, which lists the countries with the largest total wealth gains and losses. Currency appreciation combined with higher than average house price and equity price increases account for the USD 2.3 trillion gained by the United Kingdom, while euro appreciation and equity price increases explain why wealth rose by about USD 1 trillion in France, Italy and Germany, and by more than USD 500 billion in Spain. In contrast, wealth losses by individual countries are quite modest and largely attributable to adverse currency movements. The biggest loss was Indonesia (USD 260 billion), while Argentina and Russia each shed USD 135 billion and Turkey was down USD 100 billion.

Expressing the wealth changes in percentage terms produces a more balanced distribution of gains and losses (see Figure 5). In fact, the greatest percentage changes are the losses of more than 30% suffered by Argentina and Ukraine. Elsewhere, declines in wealth were relatively modest, with only Chile, Indonesia, Russia, Thailand and Turkey recording losses above 5%. Among the countries reporting gains, the United Kingdom tops the table with a rise of 19%, while wealth grew by 15%–18% in four other countries: Denmark, Greece, Spain and Korea.

Wealth per adult across countries

While net worth per adult has reached a new all-time high of USD 56,000 worldwide, this average value masks considerable variation across countries and regions, as is evident in Figure 6. The richest nations, with wealth per adult over USD 100,000,

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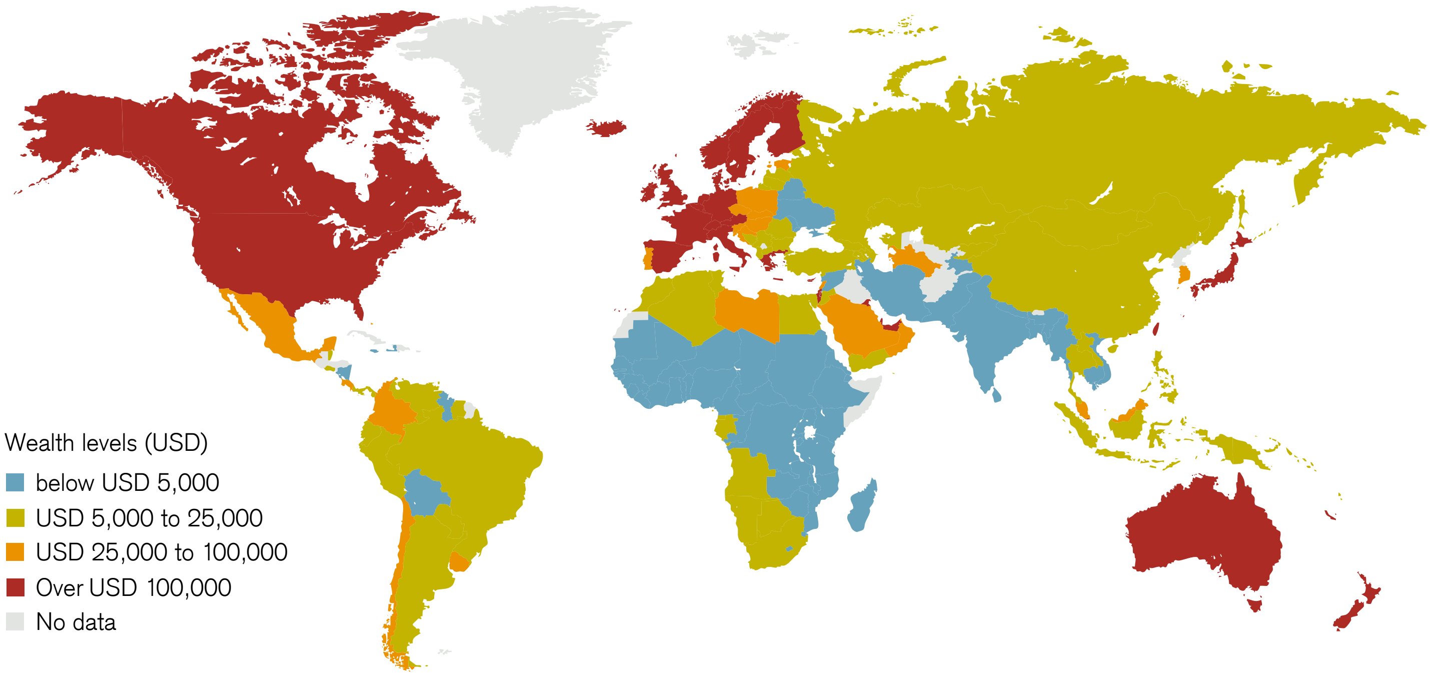
Figure 6

World wealth levels 2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



are found in North America, Western Europe and among the rich Asia-Pacific and Middle Eastern countries. They are headed by Switzerland, which was the first – and so far only – country in which average wealth has exceeded USD 500,000. Dollar appreciation, combined with strong equity performance during the past year, resulted in another significant increase, raising Swiss wealth per adult to a new world record of USD 581,000. Australia (USD 431,000) retains second place by a comfortable margin, followed by Norway (USD 359,000), but the strong performance by the United States (USD 348,000) moves it up to fourth place, swapping positions with Sweden (USD 333,000). France (USD 317,000) and the United Kingdom (USD 293,000) were the other countries which rose up among the top ten list, while Singapore (USD 290,000) moved three places in the opposite direction despite wealth per adult rising by USD 5,600.

The ranking by median wealth per adult favors countries with lower levels of wealth inequality and produces a somewhat different table. Australia (USD 225,000) tops the list, as it has for the past five years, far ahead of Belgium in second place with USD 173,000. Italy, France and the United Kingdom follow in turn with median wealth slightly above USD 130,000, then Switzerland, Japan and Singapore in a narrow band around USD 110,000. Median wealth rose this year in Germany and the United States to USD 54,000 and USD 53,000 respectively, but this still lags their usual comparators by a wide margin.

The rich country group with wealth per adult above USD 100,000 has had a very stable membership over time. Despite the overall rise in world wealth, only Greece has managed to squeeze across the threshold with net worth now averaging USD 111,400. Malta has been vulnerable to demotion in recent years, but has consolidated its position in the rich country group with wealth per adult now amounting to USD 114,000, a rise this year of USD 7,600.

Intermediate wealth

The "intermediate wealth" group portrayed in Figure 6 covers countries with mean wealth in the USD 25,000 to USD 100,000 range. Some European Union (EU) countries (Portugal and Slovenia) are situated at the top end of the band, while more recent EU entrants (Czech Republic, Estonia, Hungary, Poland and Slovakia) tend to be found lower down. The intermediate wealth group also encompasses a number of Middle Eastern nations (Bahrain, Oman, Lebanon and Saudi Arabia) and important emerging markets in Asia (Korea, Malaysia) and Latin America (Chile, Colombia, Costa Rica, Mexico and Uruguay).

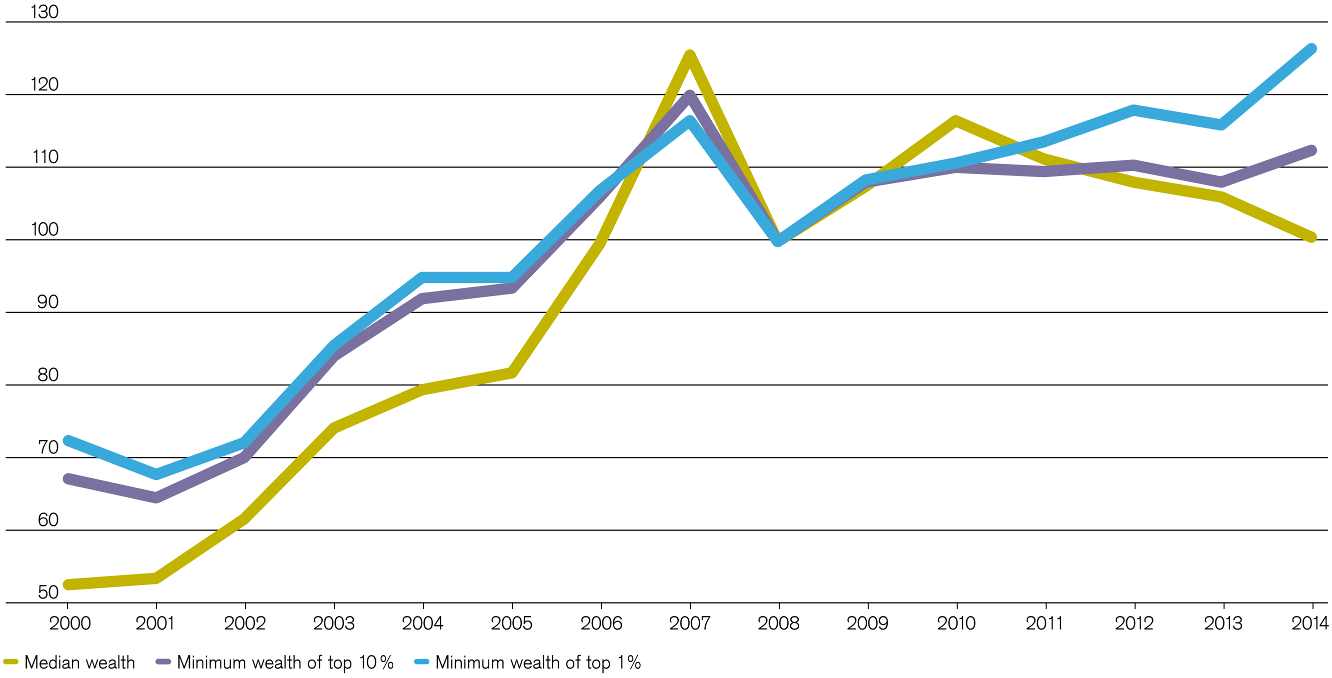
Frontier wealth

The "frontier wealth" range from USD 5,000 to 25,000 per adult covers the largest area of the world and most of the heavily populated countries including China, Russia, Brazil, Egypt, Indonesia, the Philippines and Turkey. The band also contains many transition nations outside the EU (Albania, Armenia, Azerbaijan, Bosnia, Georgia, Kazakhstan, Kyrgyzstan, Macedonia, Mongolia and Serbia), most of Latin America (Argentina, Ecuador, El Salvador, Panama, Paraguay, Peru and Venezuela)

Figure 7

Minimum wealth of top 50%, 10% and 1% of global wealth holders (base year 2008 = 100)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



and many countries bordering the Mediterranean (Algeria, Jordan, Morocco, Tunisia and West Bank and Gaza). South Africa was once briefly a member of the intermediate wealth group, but now resides in this category alongside other leading sub-Saharan nations: Angola, Botswana, Equatorial Guinea and Namibia. Sri Lanka dropped below the USD 5,000 threshold this year, although its regional neighbors Laos and Thailand remain.

The final group of countries with wealth below USD 5,000 is heavily concentrated in central Africa and South Asia. This group encompasses all of central Africa apart from Angola, Equatorial Guinea and Gabon. India is the most notable member of the Asia contingent, which also includes Bangladesh, Cambodia, Myanmar, Nepal, Pakistan, Sri Lanka and Vietnam, although Vietnam has been close to moving up for some time. Languishing in the middle of this wealth range are also three countries bordering the EU: Belarus, Moldova and Ukraine.

Distribution of wealth across individuals and wealth inequality

To determine how global wealth is distributed across households and individuals – rather than regions or countries – we combine our data on the level of household wealth across countries with information on the pattern of wealth distribution within countries. Our estimates for mid-2014 indicate that once debts have been subtracted, a person needs only USD 3,650 to be among the wealthiest half of world citizens. However, more than USD 77,000 is required to be a member of the top 10% of global wealth holders, and USD 798,000 to belong to the top 1%. Taken together, the bottom half of the global population own less than 1% of total wealth. In sharp contrast, the richest decile hold 87% of the world's wealth, and the top percentile alone account for 48.2% of global assets.

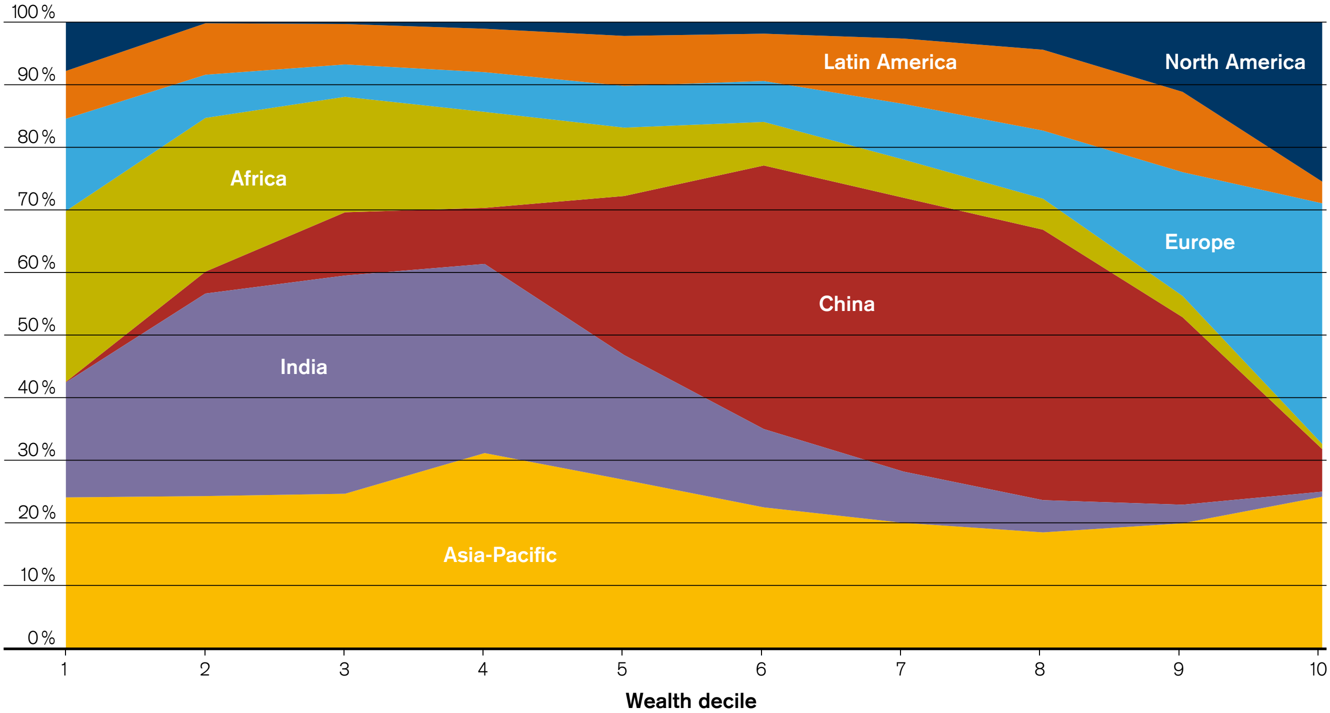
This year, we are breaking new ground by reporting annual values for median wealth and other distributional indicators back to the year 2000. Our estimates indicate that global median wealth (i.e. the minimum net worth of the top half of global adults) has decreased every year since 2010 (see Figure 7), a surprising result given the robust rise in mean wealth. In contrast, the minimum wealth of the top decile has changed little since 2010, while USD 163,000 more is needed now to belong to the top percentile compared to 2008 when the minimum requirement was USD 635,000. These findings hint at rising global wealth inequality in recent years. However, our results also suggest that the reverse trend happened in the run up to the financial crisis, with median wealth rising faster than the minimum wealth of the top percentile groups in the period from 2000 to 2007. We explore these issues in more detail in the article "Wealth inequality" on page 28 of this report.

Assigning individuals to their corresponding global wealth decile (i.e. population tenth) enables the regional pattern of wealth to be portrayed, as in Figure 8. The most prominent feature is the contrast between China and India. China has very few representatives at the bottom of the global wealth distribution, and relatively few at the top, but dominates the upper middle section, accounting for 40% of the worldwide membership of deciles 6–8. The sizeable presence of China in the upper middle sec-

Figure 8

Regional composition of global wealth distribution 2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



tion reflects not only its population size and growing average wealth, but also wealth inequality which, despite recent increases, is not high by the standards of the developing world. China's position in the global picture has shifted towards the right in the past decade due to its strong record of growth, rising asset values and currency appreciation. China now has more people in the top 10% of global wealth holders than any other country except for the USA and Japan, having moved into third place in the rankings by overtaking France, Germany, Italy and the United Kingdom. In contrast, residents of India are heavily concentrated in the lower wealth strata, accounting for over a quarter of people in the bottom half of the distribution. However, its extreme wealth inequality and immense population mean that India also has a significant number of members in the top wealth echelons.

As Figure 8 shows, residents of Latin America are fairly evenly spread across the global wealth spectrum. The Asia-Pacific region (excluding China and India) mimics the global pattern more closely still. However, the apparent uniformity of the Asia-Pacific region masks a substantial degree of polarization. Residents of high-income Asian countries, such as Hong Kong, Japan and Singapore, are heavily concentrated at the top end: half of all adults in high-income Asian countries are in the top global wealth decile. In contrast, inhabitants of lower-income countries in Asia, such as Bangladesh, Indonesia, Pakistan and Vietnam, tend to be found lower down in the wealth distribution. In fact, when high-income countries are excluded from the Asia-Pacific group, the wealth pattern within the remaining countries resembles that of India, with both regional groupings contributing about one quarter of the bottom half of wealth holders. Africa is even more concentrated in the bottom end of the wealth spectrum: half of all African adults are found in the bottom two global wealth deciles. At the same time, wealth inequality within and across countries in Africa is so high that some individuals are found among the top global wealth decile, and even among the top percentile. In sharp contrast, North America and Europe are heavily skewed toward the top tail, together accounting for 64% of adults in the top 10%, and an even higher percentage of the top percentile. Europe alone accounts for 38% of members of the top wealth decile, a proportion that has risen considerably over the past decade alongside the euro appreciation against the US dollar.

World wealth spectrum

Wealth is one of the key components of the economic system. It is valued as a source of finance for future consumption, especially in retirement, and for reducing vulnerability to shocks such as unemployment, ill health or natural disasters. Wealth also enhances opportunities for informal sector and entrepreneurial activities, when used either directly or as collateral for loans. These functions are less important in countries that have generous state pensions, adequate social safety nets, good public healthcare, high quality public education and well-developed business finance. Conversely, the need to acquire personal assets is particularly compelling and urgent in countries that

have rudimentary social insurance schemes and reduced options for business finance, as is the case in much of the developing world.

The Credit Suisse Global Wealth Report provides a comprehensive portrait of world wealth, covering all regions and countries, and all parts of the wealth spectrum from rich to poor. Despite a decade of economic turbulence and uncertain prospects, we find that total global wealth has more than doubled since 2000. Strong economic growth and rising population levels in emerging nations are important drivers of this trend.

The top ten countries in the wealth-per-adult league include many smaller, dynamic economies – Belgium, Denmark, Norway, Singapore, Sweden and Switzerland – as well as Australia, France, the United Kingdom and the United States. Notable cases of emerging wealth are found in Chile, Columbia, the Czech Republic, Lebanon, Slovenia and Uruguay, while "frontier" wealth is evident in Ecuador, Egypt, Indonesia, Malaysia, Thailand and Tunisia.

For a number of reasons, wealth varies greatly across individuals. Our estimates suggest that the lower half of the global population collectively own less than 1% of global wealth, while the richest 10% of adults own 87% of all wealth, and the top 1% account for almost half of all assets in the world. Over time, this may change, particularly if a sufficient number of low-wealth countries experience rapid growth, and if China and India fulfill their potential to be major catalysts of global change.

This chapter has described some of the key features of personal wealth ownership across regions, countries and individuals, and highlighted some of the changes which have occurred in recent years. The period since January 2013 has been exceptional, breaking numerous records regarding increases in the value of household assets, both globally and for individual countries. The combination of unusual stock market growth, robust housing markets and favorable exchange rate movements is unlikely to be repeated soon, so future prospects for wealth are more muted. Indeed, they may well be negative if the downward trend in interest rates in recent years goes into reverse, and asset prices begin to fall.

The next two chapters of this report examine longer-term trends in wealth holdings and look at the pattern of holdings across individuals. This year a separate chapter investigates the topic of wealth inequality in more detail, using a new consistent series of estimates that track the pattern of wealth ownership in all countries of the world back to the turn of the century. Those interested in the methodology which underpins the estimates discussed in the report are referred to the accompanying Credit Suisse Global Wealth Databook 2014, which also provides a considerable volume of additional data.

Notes on concepts and methods

Net worth or "wealth" is defined as the value of financial assets plus real assets (principally housing) owned by households, less their debts. This corresponds to the balance sheet that a household might draw up, listing the items which are owned and their net value if sold. Private pension fund assets are included, but not entitlements to state pensions. Human capital is excluded altogether, along with assets and debts owned by the state (which cannot easily be assigned to individuals).

For convenience, we disregard the relatively small amount of wealth owned by children on their own account, and frame our results in terms of the global adult population, which totaled 4.7 billion in 2014. The "Asia-Pacific" region excludes China and India, which are treated separately due to the size of their populations. Data for 2013 and 2014 refer to mid-year (end-June) estimates; the figures for earlier years indicate year-end values.

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Global trends in household wealth

Wealth ownership by individuals is a key driver of capital accumulation, economic growth and consumption trends. This chapter examines how household wealth and its components have changed over time, with a special focus on China, India and the rest of the Asia-Pacific region. The Asia region – led by China – contributed greatly to global wealth growth before the financial crisis. However, this trend has ebbed somewhat in recent years, especially since 2011.

PHOTO: ISTOCKPHOTO.COM/SIMONBRADFIELD

Regional trends in global wealth

By our estimation, global household wealth in mid-2014 totaled USD 263 trillion, equivalent to USD 56,000 per adult. Despite the setback in 2008, household wealth has risen strongly since the start of the millennium (see Figure 1). The global aggregate has more than doubled from the USD 117 trillion recorded for the year 2000, and wealth has more than doubled in every region except for Asia-Pacific, where Japan's performance limited the rise to 81% (although wealth more than tripled if Japan is excluded). Over the same period, personal wealth in India and China has risen by a factor of 3.1 and 4.6, respectively. Population growth accounts for some of the increase in total wealth, but allowing for the rise in the adult population, global net worth per adult has increased by 77% from 2000.

Figure 1

Total global wealth 2000–2014, by region

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

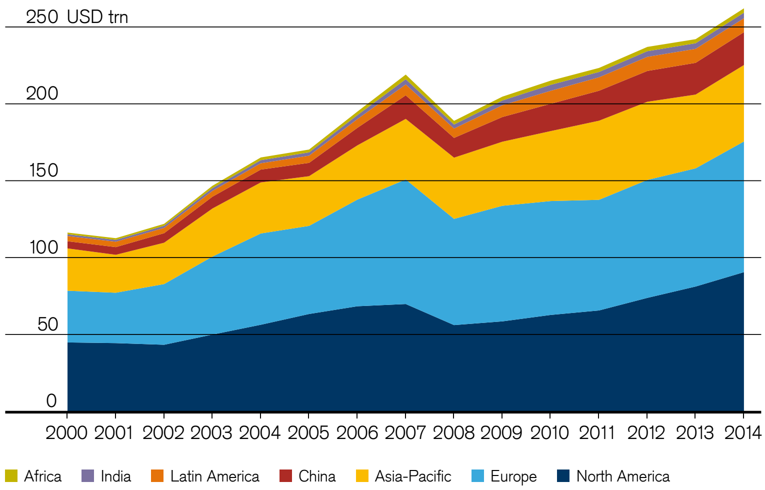


Figure 2

Wealth growth (%) by region, 2000–2014, current exchange rates

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

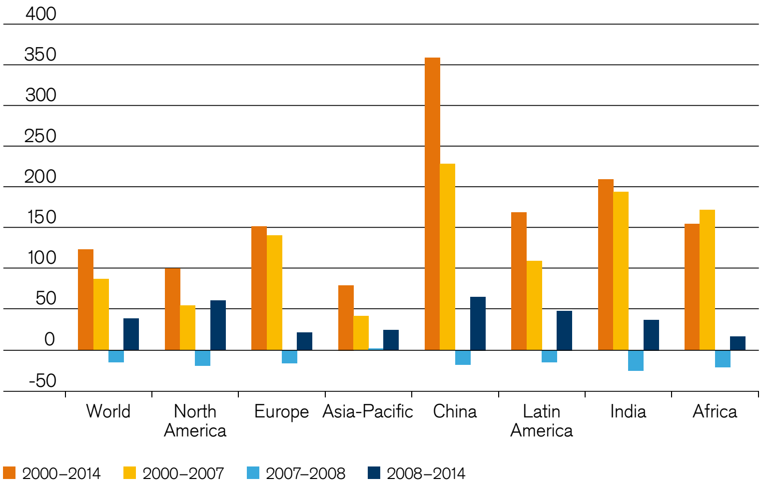


Figure 3

Wealth growth (%) by region, 2000–2014, constant exchange rates

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

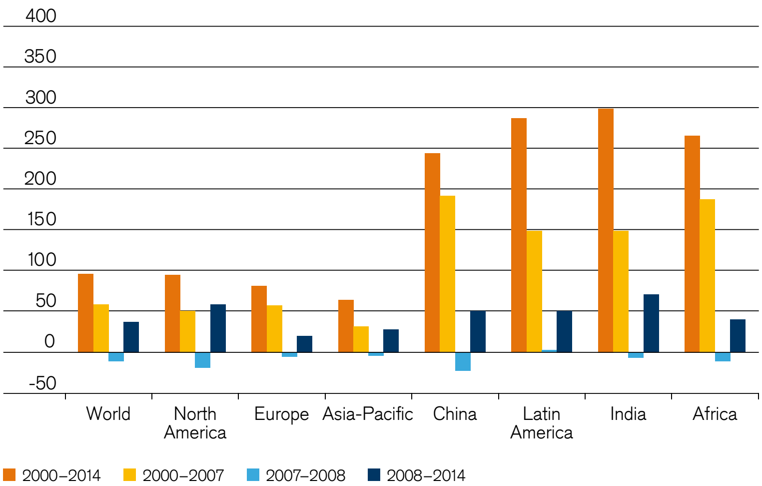


Figure 4

Global trends in wealth per adult

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

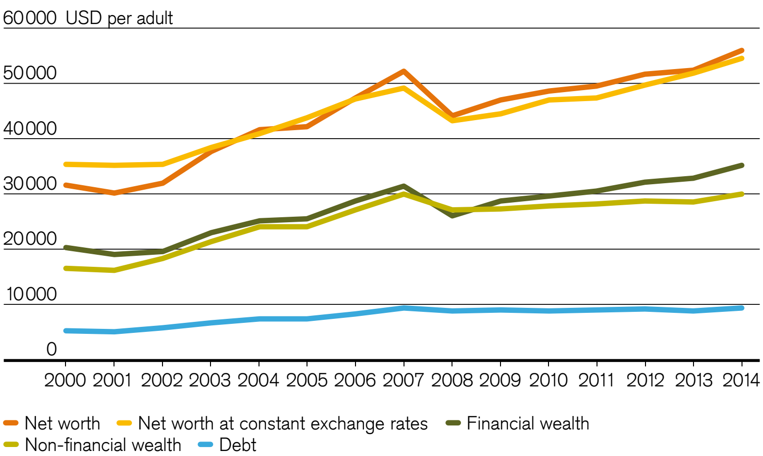


Figure 2 captures the variety of regional experiences since 2000 in more detail. Personal wealth fell by 14% worldwide in the aftermath of the financial crisis. The Asia-Pacific region, excluding China and India, posted a 1% gain during 2007–2008; but all other regions suffered a decline in wealth ranging from the 14% reduction in Latin America to the 24% drop suffered by India. Since 2008, wealth has increased in every region. In most cases the rise has reversed any loss suffered during the crisis, but total wealth in Africa has not yet recovered to the 2007 level.

The outstanding wealth performance of China since the year 2000 is clear from Figure 2. In the early years of this century, wealth growth in India and Africa was not far behind China, but the two regions have failed to maintain their momentum since 2007 – largely because of exchange rate depreciation against the US dollar. The contrast in performance before and after the financial crisis is noteworthy for other regions too. Wealth growth in China during the first half of the period was almost four times the increase achieved since 2008. For Asia-Pacific and Latin America, the multiple is close to two. But the multiple rises to seven for Europe and India, and to ten for Africa. North America is the outlier: it had the second lowest wealth growth during 2000–2007, but has rebounded with the highest rise since 2008. This recent spurt enabled North America to overtake Europe in 2013 and re-establish itself as the region with the highest aggregate level of household wealth.

While it is evident that year-on-year changes in USD exchange rates significantly influence the relative positions of countries in the global wealth rankings, the impact on countries and regions in the longer term is more difficult to assess. Figure 3 displays the same information as Figure 2, this time using constant – rather than current – USD exchange rates. It paints a very different picture. China no longer dominates the regional league table: in fact, Africa, India and Latin America all seem to have performed better over the whole post-2000 period. China leads in the period 2000–2007, but is only a fraction ahead of Africa; and it suffered most during the financial crisis. However, the comparison may be misleading because part of the higher growth observed in Africa, India and Latin America reflects higher inflation in these regions.

It is interesting to note that once the data are adjusted for depreciation against the US dollar, the negative impact of the financial crisis on wealth is more modest for Africa, and almost insignificant for India, Europe and the Asia-Pacific region. For Latin America, it vanishes completely. Figure 3 also highlights the profound contrast this century – once exchange rate movements are set aside – between wealth growth in developing regions and performance in the "old world," the only exception being the recent strong rise in the United States.

PHOTO: ISTOCKPHOTO.COM/TUNART

Trends in wealth components

Another important dimension of personal wealth is the split between financial assets, non-financial assets and debts. Figure 4 displays the trends in each of these components, which are expressed here in terms of the average value per adult. Echoing the trends in total wealth, net worth per adult trended upwards from 2000 until the financial crisis caused it to fall by 15%. After 2008, average global wealth increased each year and now exceeds the pre-crisis level. Using constant USD exchange rates yields a smoother graph and a single significant downturn, after which the recovery has continued unabated, passing the pre-crisis peak back in 2012.

At the start of the millennium, financial assets accounted for 55% of gross household assets. This share fell to 52% in 2002, after which the financial and non-financial components moved in tandem until 2007 when the financial crisis had a disproportionate effect on financial assets and eliminated the excess. As Figure 4 shows, the value of non-financial assets edged ahead in 2008, but there has been little growth since then, and the level has only just regained its pre-crisis peak. In contrast, financial wealth has grown robustly since 2008 by an average of 5.6% per year, so that it now constitutes 54% of gross wealth compared to 46% for non-financial assets, the same division of the portfolio as in 2001.

On the liabilities side of the household balance sheet, average debt rose by 81% between 2000 and 2007, and then leveled out. It now amounts to USD 9,260 per adult. Expressed as a proportion of household net worth, debt has moved in a narrow range, rising from 16.1% in 2000 to 19.8% in 2008, and then falling every year. The current proportion is 16.5%, the lowest level since 2001. However, it should be noted that debt levels and trends differ widely across countries. This century, household debt has grown particularly rapidly in transition countries, and more recently in emerging market economies.

Focus on Asia and the Pacific

For more than 30 years, the world has looked to Asia as a crucial source of trade and investment opportunities, centering first on Japan and more recently on China and India. Here we summarize and review what has happened to household wealth in the Asian region during this century. Elsewhere we separate China and India from what we refer to as the Asia-Pacific region, so to avoid confusion we use “APAC and the Middle East” to refer to the broader area which includes both China and India.

Seven sub-regions are identified and their relative importance in terms of adult population and total wealth is indicated in Figure 5. China accounts for a

Figure 5

Share of adult population and wealth by sub-region, 2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

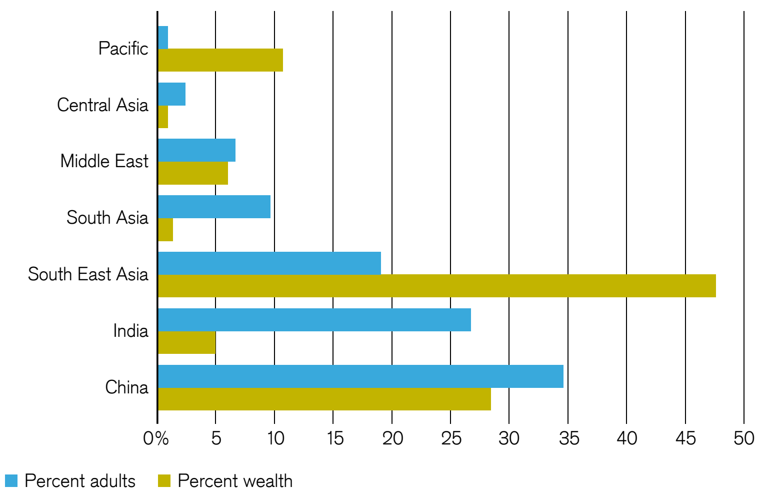


Figure 6

Wealth per adult (USD) by country, current and constant exchange rates, 2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

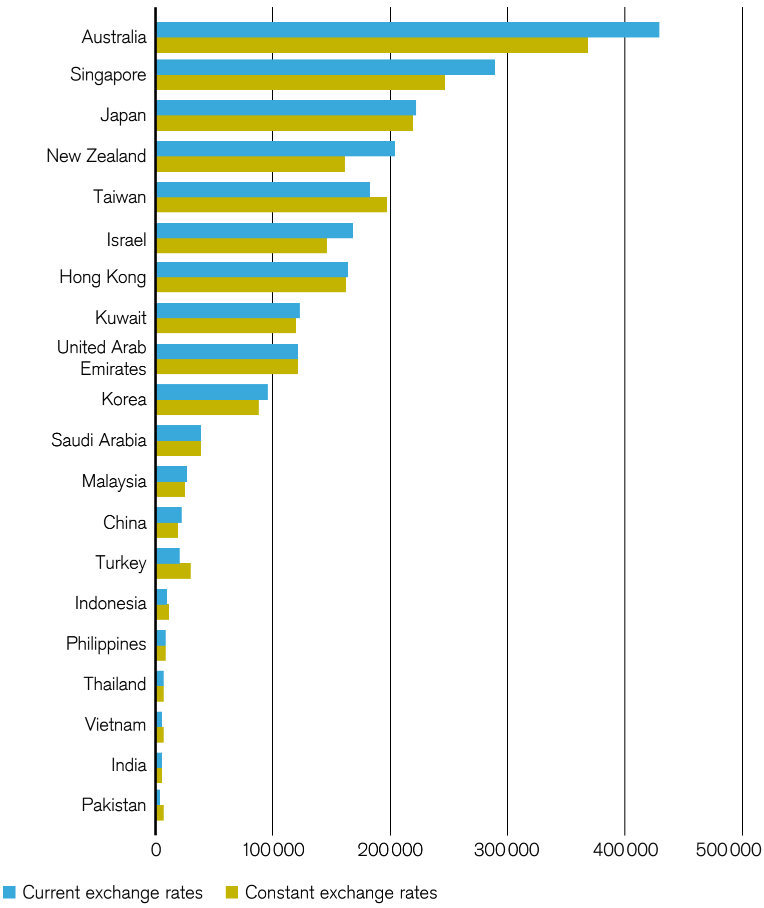
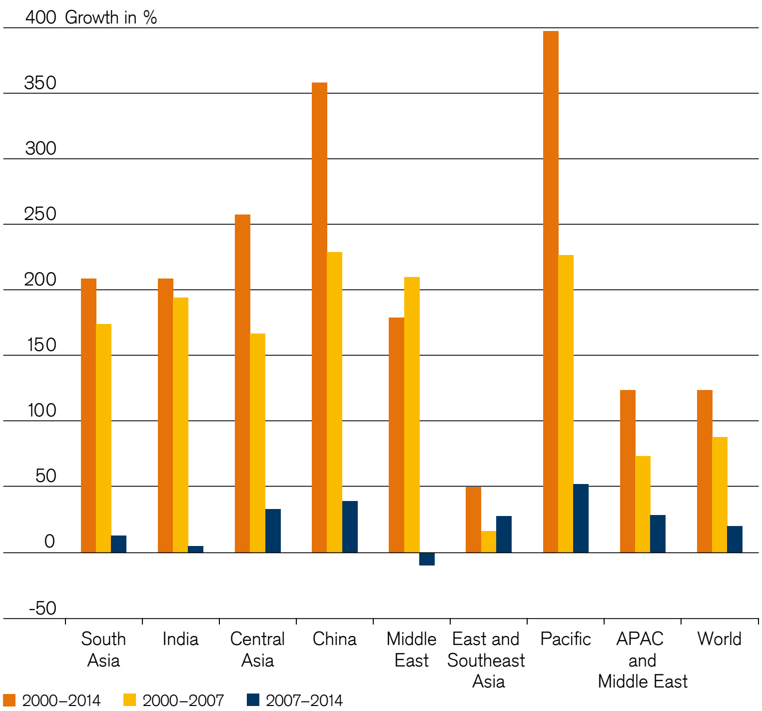


Figure 7

Growth of total wealth (%) by sub-region, current exchange rates, 2000–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



little over one third of all adults and a slightly lower proportion of wealth. The share of adults and wealth is more balanced still in the Middle East. But the share of wealth in East and Southeast Asia (which includes Japan) – almost half the total – is more than double the population share, while the wealth share of the Pacific subgroup (Australia, New Zealand and smaller Pacific island nations) is more than ten times the size of the population. In contrast, India and South Asia together account for more than one third of adults in the region, but only 6% of total wealth.

Differences in mean wealth per adult are even more pronounced for individual countries. The wealthier countries in the region have wealth per adult well above USD 100,000, while the least wealthy nations struggle to reach USD 5,000 per adult (see Figure 6). In extreme cases, the ratio can approach 100: in 2014, for example, India recorded wealth per adult of USD 4,600 compared to USD 431,000 for Australia.

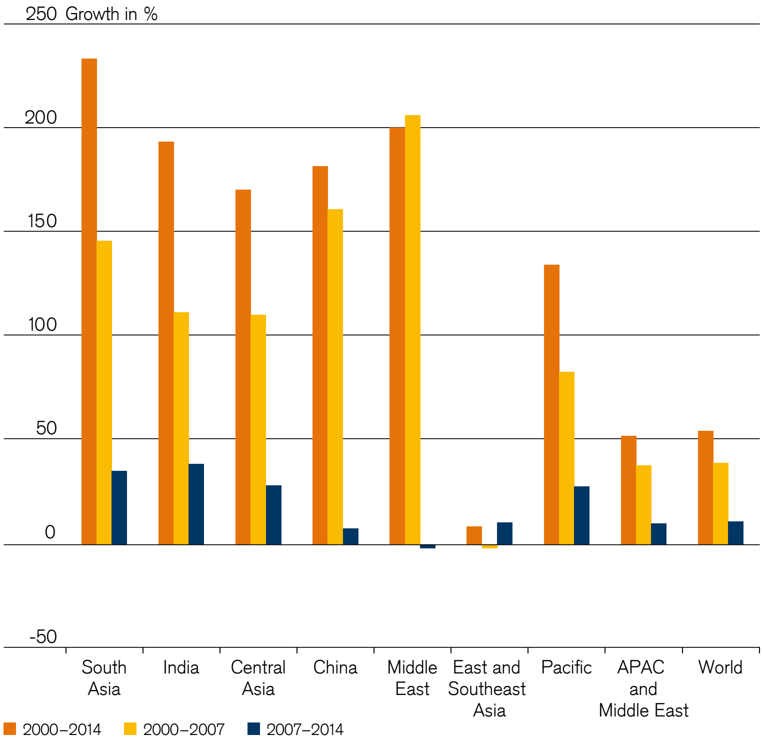
Currency movements often exacerbate differences in average wealth values between countries. It is interesting to note from Figure 6 that the exchange rates prevailing in 2014 tend to flatter the wealthier countries. Except for Taiwan, each of the countries with mean wealth above USD 20,000 (i.e. China and upwards) have higher values when measured in current USD, while most of the countries with mean wealth below USD 20,000 have higher values when measured in constant USD. Either way, however, differences between countries are very pronounced.

PHOTO: ISTOCKPHOTO.COM/ALPHOTOGRAPHIC

Figure 8

Growth of wealth per adult (%) by sub-region, constant exchange rates, 2000–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



Wealth growth since 2000

It is commonly believed that wealth has grown faster this century in Asia than in the rest of the world, and that China has led the surge. Our results challenge this presumption. From 2000 to 2014, total wealth grew by 125% worldwide, but by only 124% in the APAC and Middle East region (see Figure 7). Over this period, wealth in China rose by a massive 359%, but this was surpassed by the four-fold increase in the Pacific sub-region. Controlling for exchange rate movements and population growth reverses the China-Pacific ranking. However, when expressed in terms of wealth per adult using constant exchange rates, China's growth record is now overtaken by India, the Middle East and South Asia. In fact, Figure 8 shows that China's wealth performance has been fairly average for sub-regions of APAC and the Middle East over the whole period, and below the region average since 2007. This is due in part to the disproportionate impact of the financial crisis on China, but also reflects higher inflation in some of the other countries, which will have eroded the value of wealth holdings.

Figure 8 makes it clear why wealth growth in Asia has underperformed relative to the rest of the world: it has been held back by East and Southeast Asia, which still accounts for almost half of household wealth in the region, but has contributed almost nothing to the rise in wealth once currency appreciation is discounted. Figure 9 indicates that relatively

Figure 9

Growth in wealth per adult (%) by country, 2000–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

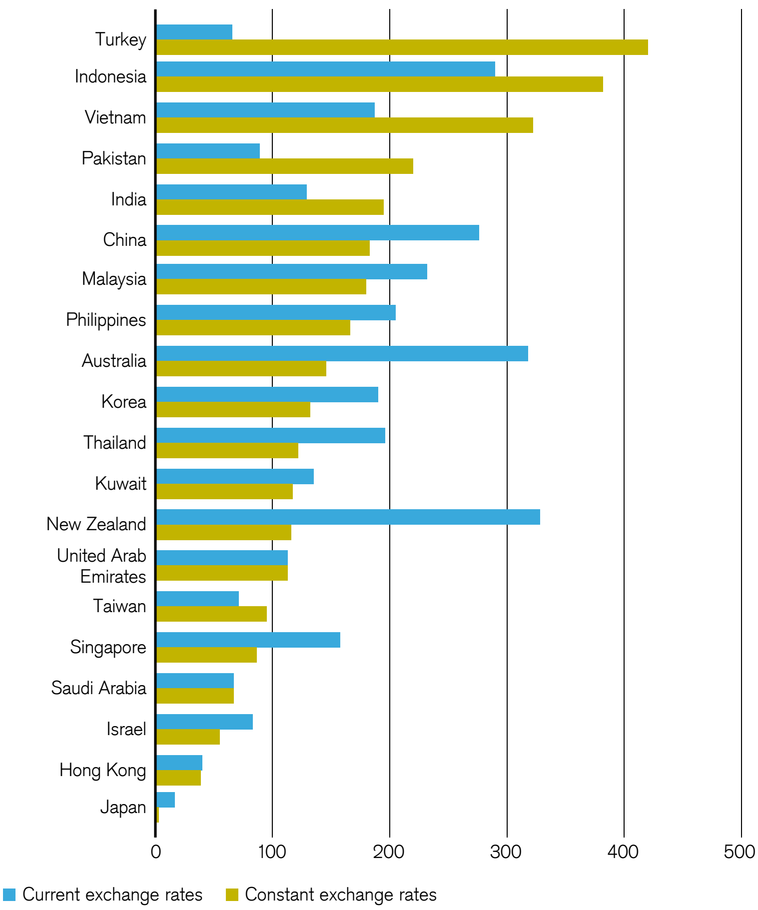


Figure 10

Growth in median wealth by country, 2000–2014 (base year 2000 = 100)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

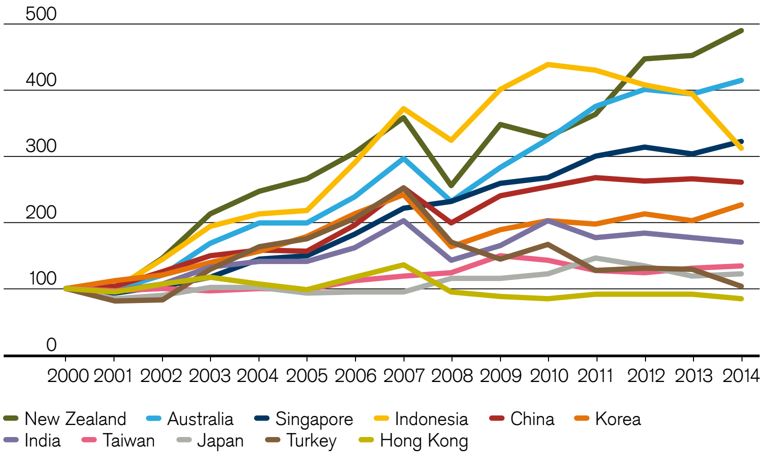


Figure 11

Number of millionaires by region, 2000–2014 (base year 2000 = 100)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

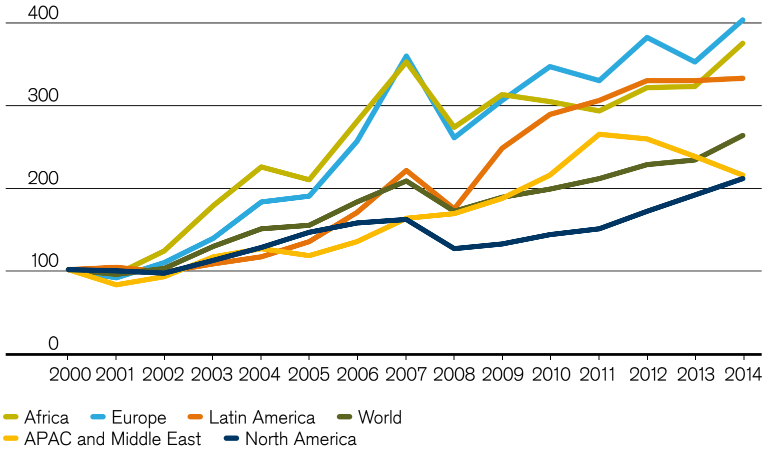
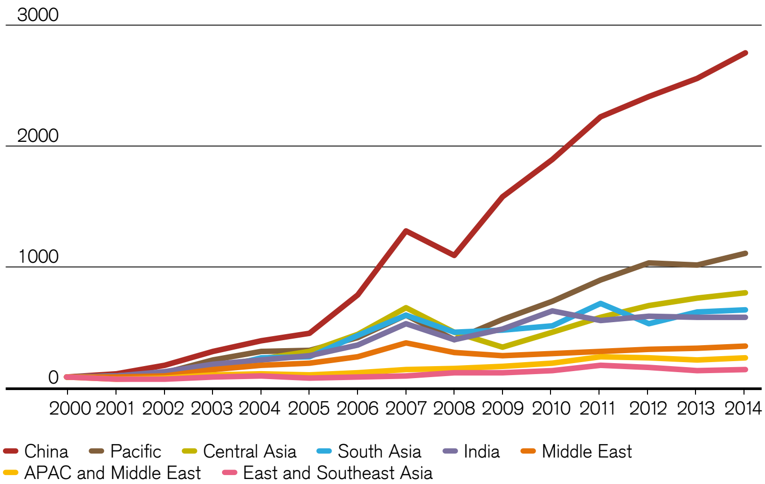


Figure 12

Number of millionaires by sub-region, 2000–2014 (base year 2000 = 100)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



slow growth in Hong Kong, Singapore, Taiwan and Korea – albeit from a high base – contributed to the weak growth record. However, Japan is the main culprit: at constant exchange rates, wealth per adult has barely changed since the turn of the century.

At constant exchange rates, average wealth has grown by about 200% since 2000 in Malaysia and Pakistan, and by more than 300% in Turkey, Indonesia and Vietnam (see Figure 9). However, with the exception of Malaysia, currency depreciation has offset much of the gain in these countries – more than 80% in the case of Turkey. In contrast, other countries have benefitted from favorable currency movements, including China and Singapore, and especially New Zealand and Australia, which move into first and second place respectively when growth is measured at current exchange rates.

Trends in median wealth over time

This year, for the first time, we are able to report trends in median wealth per adult for 2000–2014. These series are interesting because they provide a better idea of how the average adult has fared, and the year-on-year variations capture the impact of external shocks. Figure 10 shows the growth in median wealth for a selection of countries, rebased to the year 2000.

Over the whole period, median wealth grew roughly in line with mean wealth for most countries. New Zealand and Australia achieved the largest gains, although Indonesia performed better than both up to 2011. Median wealth in Japan shows little change this century, but Hong Kong has done even worse: our evidence suggests that the average adult in Hong Kong has lower wealth now than in 2000. The poor quality of wealth data for Hong Kong limits our confidence in this conclusion, but there is little doubt that the wealth performance of Hong Kong has lagged well behind Singapore, for instance, since the turn of the century, in part because the gains in Singapore have been more evenly spread.

Figure 10 illustrates the impact of the financial crisis on median wealth, with especially large setbacks for New Zealand and Korea. Median wealth in China has shown little change in recent years, and Korea, Hong Kong and India have still not recovered to the level achieved in 2007. Our results suggest that the median wealth holder in Turkey has been subjected to a roller coaster, rising by 150% up to 2007, and then shedding all the gains in the following years.

Trends in the number of millionaires

Another common perception is that the ranks of the wealthy have expanded faster in Asia than elsewhere in the world. Our new data on millionaire trends allow us to test this claim for the first time. Figure 11 displays the millionaire indices for this century by region. The results indicate that the

APAC and Middle East region has done rather poorly. For most of the period, the growth record mimics the rest of the world – better than North America, but less impressive than Africa, Europe or Latin America. Since 2011, however, the number of millionaires in APAC and the Middle East has fallen every year. This is in stark contrast to the annual rise in millionaire numbers in the rest of the world, and in all regions outside APAC and the Middle East most of the time.

This unexpected outcome can again be traced to the lackluster performance of East and Southeast Asia and, in particular, Japan. Figure 12 shows that East and Southeast Asia is the only underperforming sub-region. The number of millionaires in China has risen by a multiple of 28, with the financial crisis causing only a minor pause in the seemingly inexorable rise. Numbers have also grown impressively – by a factor of 11 – in the Pacific sub-region, and Central Asia is not far behind. However, the other sub-regions appear to have struggled to maintain the momentum of the early years of the century, with India and the Middle East failing to return to the peak numbers recorded prior to the crisis.

Looking in more detail at millionaire trends, Figure 13 displays the results for individual countries, excluding China since it is so far ahead of the rest. Indonesia did surprisingly well for most of the period, outperforming all other countries in APAC and the Middle East apart from China, until the economic reversals of the past 12 months. However, the exceptionally high growth in millionaire numbers in Indonesia also reflects a significant rise in wealth inequality since 2008, which we document later in this report.

As was the case with median wealth, Japan and Hong Kong lag other Asian countries, acquiring relatively few extra millionaires this century. In fact, the number of millionaires in Japan fell below the 2000 level for much of the period. Pakistan, Saudi Arabia, Turkey and United Arab Emirates are countries which, along with Hong Kong, have not seen the number of millionaires return to the levels recorded in 2007.

The marked differences in millionaire growth rates have inevitably had a significant impact on the residence pattern of millionaires in Asia. Figure 14 captures the change that has occurred. At the turn of the century, Japan hosted 2.1 millionaires, more than three quarters of the total resident in APAC and the Middle East. The Japanese number has now grown to 2.6 million according to our estimates, but its regional share has halved to 39%. China's share has risen ten-fold to 18% and Australia's share four-fold to 17%. Representation in Korea, India and Singapore has roughly doubled, but the share has remained constant in Taiwan and fallen in Hong Kong. Indonesia, New Zealand and Turkey are three new countries with at least 1% of the regional millionaire total, the threshold we use for a separate listing in Figure 14.

Figure 13

Number of millionaires by country, 2000–2014 (base year 2000 = 100)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

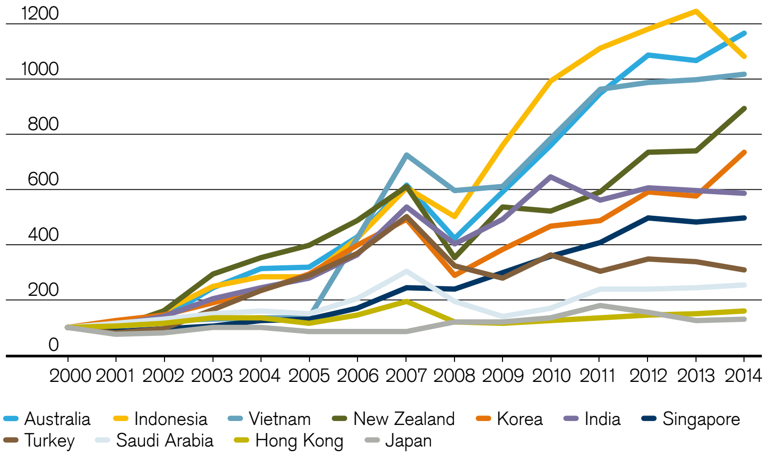


Figure 14

Millionaires by country, 2000 and 2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

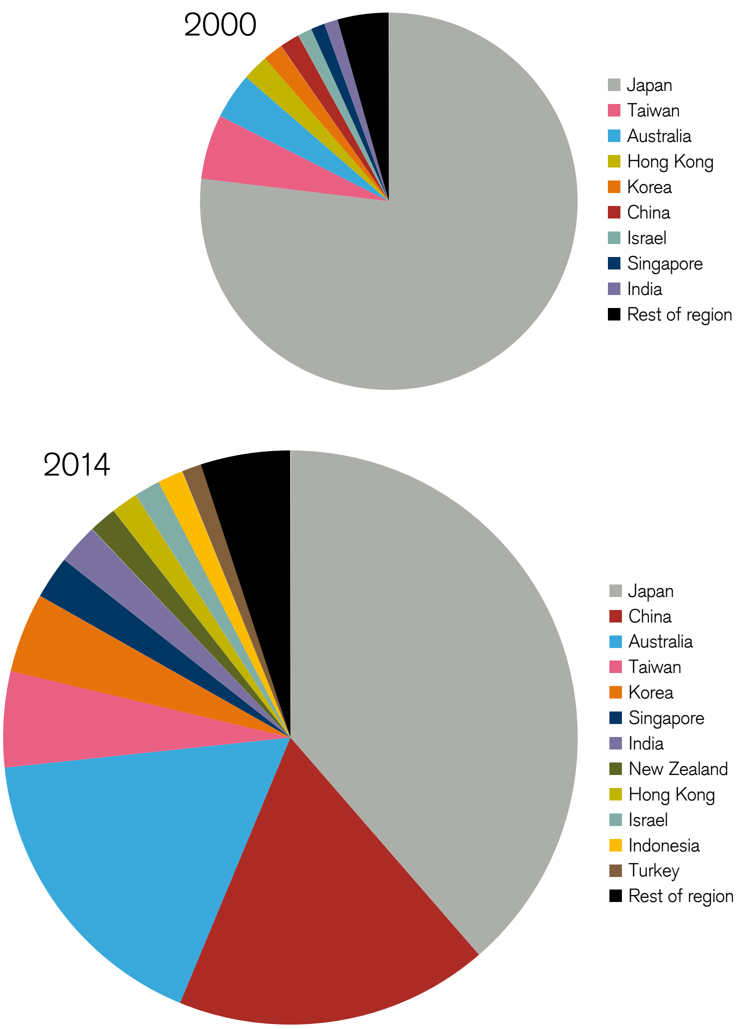



PHOTO: STOCKPHOTO.COM/ROMAN_SLAVIK

The global wealth pyramid

This chapter analyzes the full spectrum of asset ownership from the wealthiest individuals in the top echelons down to the less wealthy people in the middle and bottom segments of the wealth pyramid. Our estimates suggest that 3.3 billion individuals – over 70% of adults worldwide – have wealth below USD 10,000, while the group of millionaires, numbering less than 1% of all adults, owns 44% of global wealth.

Wealth disparity

Personal wealth varies across adults for many reasons. Some of those with little wealth may be at early stages in their career, with little chance or motivation to accumulate assets. Others may have suffered business setbacks or personal misfortunes, or live in parts of the world where prospects for wealth creation are severely limited. Opportunities are also limited for women or minorities in some countries. At the other extreme of the spectrum, there are individuals who have acquired a large fortune through a combination of talent, hard work and good luck.

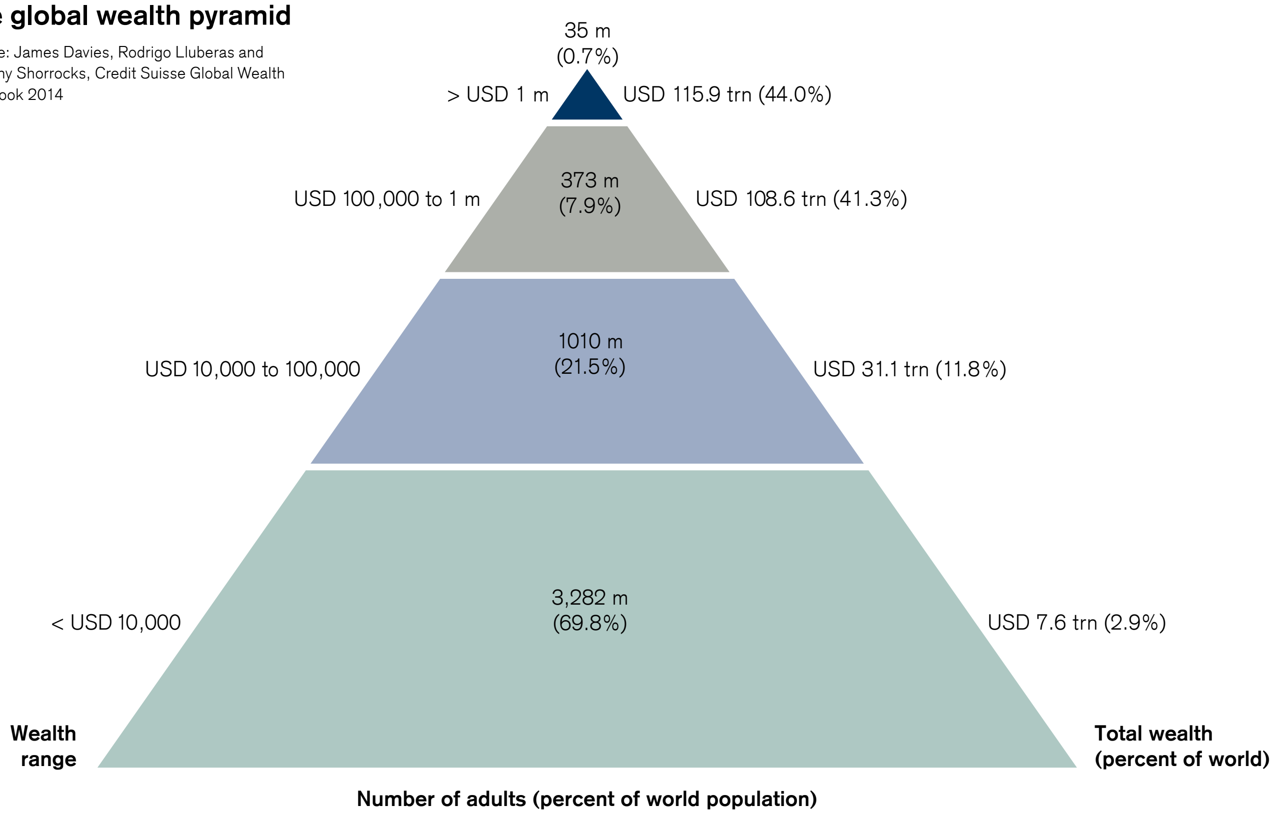
The wealth pyramid in Figure 1 captures these differences in striking detail. It has a large base of low wealth holders, alongside upper tiers occupied by progressively fewer people. In 2014, we estimate that 3.3 billion individuals – over 70% of adults worldwide – have wealth below USD 10,000. A further billion adults (21% of the global population) fall in the USD 10,000–100,000 range. While average wealth holdings are modest in the base and middle segments of the pyramid, total wealth here amounts to USD 39 trillion, underlining the potential for growth and for new products and services targeted at this often neglected segment.

The remaining 408 million adults (8% of the world) each have a net worth above USD 100,000. They include 35 million US dollar millionaires, a group that comprises less than 1% of the world's

Figure 1

The global wealth pyramid

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



adult population, yet holds 44% of global household wealth. Within this group, we estimate that 128,200 individuals have wealth of more than USD 50 million, and 45,200 have over USD 100 million.

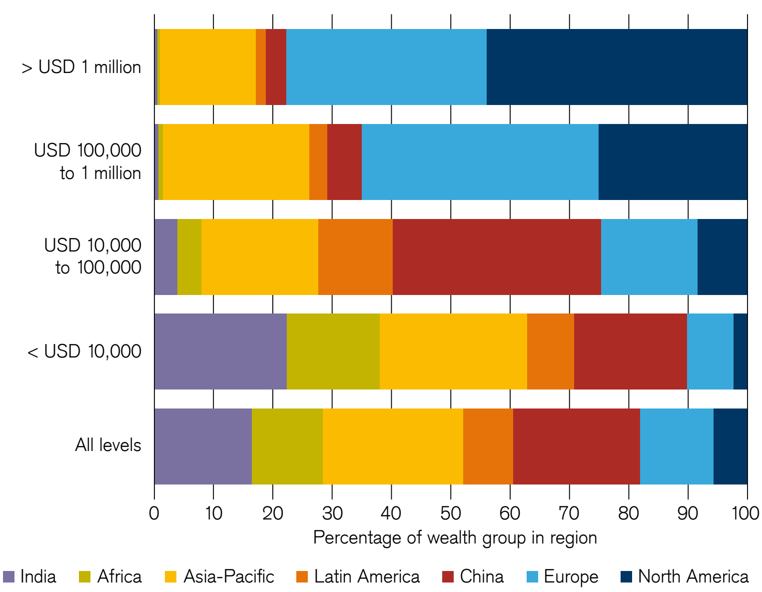
The base of the pyramid

The layers of the wealth pyramid have distinctive characteristics. The base tier has the most even distribution across regions and countries (see Figure 2), but it is also very diverse, spanning a wide range of family circumstances. In developed countries, only about 20% of adults fall within this category, and for the majority of these individuals, membership is either transient – due to ill health or unemployment, for example – or a lifecycle phenomenon associated with youth or old age. In contrast, more than 90% of the adult population in India and Africa is located within this range. In some low-income African countries, the percentage of the population in this wealth group is close to 100%. For many residents of low-income countries, life membership of the base tier is the norm rather than the exception.

Figure 2

Regional membership of global wealth strata

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



Middle class wealth

The one billion adults in the USD 10,000–100,000 range are the "middle class" in the context of global wealth. The average wealth holding is close to the global average for all wealth levels, and the combined net worth of USD 31 trillion provides the segment with considerable economic clout. This is the tier whose regional composition most closely matches that of the world's adult population, although India and Africa are under-represented and China's share is relatively high. The comparison between China and India is especially interesting. India has just 3% of the global middle class, and that share has changed very little during the past decade. In contrast, China's share of the middle class has doubled since 2000 and now covers one-third of the global membership, ten times the share of India.

High wealth segment of the pyramid

The high wealth segment of the pyramid – those with net worth above USD 100,000 – had 217 million adult members at the start of the century. Worldwide membership has risen above the 400 million level for the first time this year, now numbering 408 million according to our estimates. The regional composition is markedly different compared to the strata below. Europe, North America and the Asia-Pacific region (omitting China and India) together account for 90% of the group, with Europe alone accounting for 161 million members (39% of the total). This compares with just 3 million adult members in India (0.7% of the global total) and a similar number in Africa.

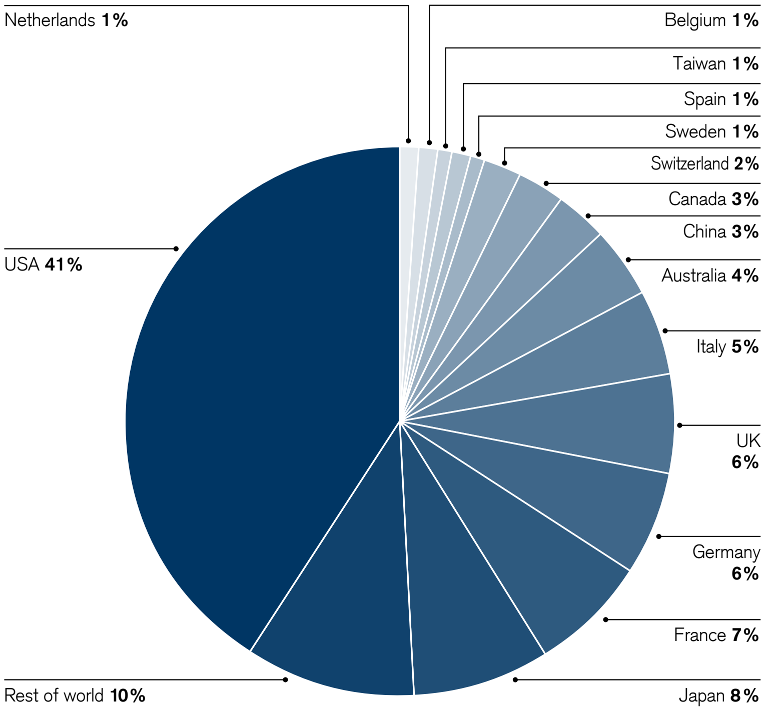
The pattern of membership changes once again for the US dollar millionaires at the top of the pyramid. The number of millionaires in any given country is determined by three factors: the adult population size, average wealth and wealth inequality. The United States scores high on all three of these criteria and has by far the greatest number of millionaires, 14.2 million, or 41% of the worldwide total (see Figure 3). A few years ago, the number of Japanese millionaires was not far short of the United States figure, but the number of US millionaires rose just as the number of Japanese millionaires declined. Japan's share of global millionaires fell below 10% for the first time a year ago; it is now down to 8%, barely above the leading European contenders: France, the United Kingdom and Germany.

The ten remaining countries which host at least one percent of the global membership are led by Italy, Australia, China and Canada, with shares of 3%–5% each. Belgium, Sweden and Switzerland have relatively small populations, but their high average wealth elevates them to the list of countries which have more than one percent of the global total.

Figure 3

Dollar millionaires by country of residence

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



Changing membership of the millionaire group

Variations in wealth levels affect the pattern of wealth distribution. Since mid-2013, the increase in average wealth combined with a rising population level has boosted the number of millionaires by 3.8 million worldwide, of which the United States alone accounted for 1.6 million new members (see Table 1). The United Kingdom added a further half million and the Eurozone countries another 850,000,

Table 1

Change in the number of millionaires by country, 2013–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

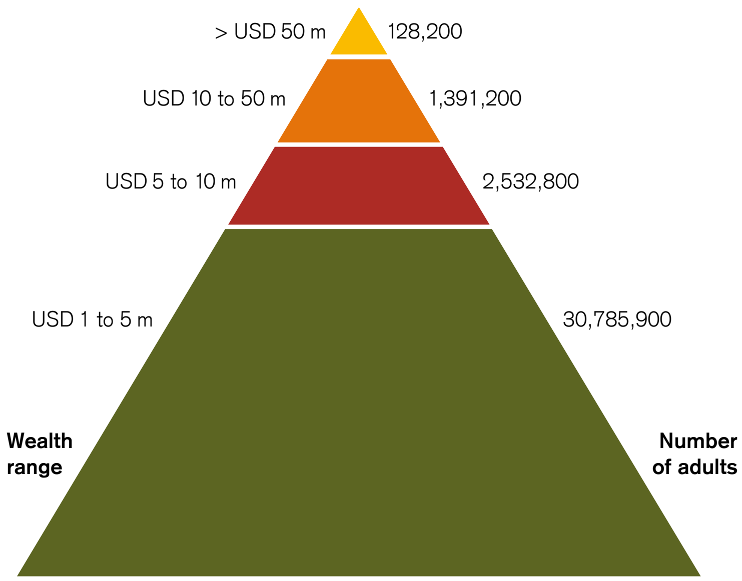
Main gains			
Country	Adults (thousand) with wealth above USD 1 million		
	2013	2014	change
United States	12,537	14,166	1,629
United Kingdom	1,565	2,043	478
France	2,134	2,444	310
Germany	1,721	1,964	243
Italy	1,381	1,597	216
Australia	1,146	1,252	106
Canada	1,033	1,138	105
Japan	2,637	2,728	91
China	1,091	1,181	90
Spain	376	465	89
World	30,997	34,837	3,840

Main losses			
Country	Adults (thousand) with wealth above USD 1 million		
	2013	2014	change
Indonesia	113	98	-15
Russia	170	158	-12
Norway	267	256	-11
Argentina	27	18	-9
Turkey	87	79	-8
World	30,997	34,837	3,840

Figure 4

The apex of the pyramid

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



mainly in France (up 310,000), Germany (up 243,000), Italy (up 216,000) and Spain (up 89,000). Few countries experienced a drop in millionaire numbers and the declines were very small: Argentina, Indonesia, Norway, Russia and Turkey together shed 55,000.

High net worth individuals

To estimate the pattern of wealth holdings above USD 1 million requires a novel approach, because at high wealth levels the usual sources of wealth data – official household surveys – tend to become less reliable. We have overcome this handicap by exploiting well-known statistical regularities to ensure that the top wealth tail is consistent with the annual Forbes tally of global billionaires and similar rich list data published elsewhere. This produces plausible estimates of the global pattern of asset holdings in the high net worth (HNW) category from USD 1 million to USD 50 million, and in the ultra-high net worth (UHNW) range from USD 50 million upwards.

While the base of the wealth pyramid is occupied by people from all countries at various stages of their lifecycles, HNW and UHNW individuals are heavily concentrated in particular regions and countries, and tend to share more similar lifestyles, participating in the same global markets for luxury goods, even when they reside in different continents. The wealth portfolios of these individuals are also likely to be more similar, with more of a focus on financial assets and, in particular, equity holdings in public companies traded in international markets.

For mid-2014, we estimate that there are 35 million HNW adults with wealth between USD 1 million and USD 50 million, of whom the vast majority (30.8 million) fall in the USD 1–5 million range (see Figure 4). There are 2.5 million adults worth between USD 5 million and 10 million, and 1.4 million have assets in the USD 10–50 million range. From 2007 to 2009, Europe briefly overtook North America to become the region with the greatest number of HNW individuals, but North America regained the lead in 2010 and now accounts for a much greater number – 15 million (44% of the total) compared to 11.7 million (34%) in Europe. Asia-Pacific countries, excluding China and India, have 5.6 million members (16%), and we estimate that there are now 1.2 million HNW individuals in China (3.4% of the global total). The remaining 925,000 HNW individuals (2.7% of the total) reside in India, Africa or Latin America.

Ultra-high net worth individuals

Worldwide we estimate that there are 128,200 UHNW individuals, defined as those whose net worth exceeds USD 50 million. Of these, 45,200 are worth at least USD 100 million and 4,300 have assets above USD 500 million. North America dominates the regional rankings, with 65,500 UHNW residents (51%), while Europe has 31,400 (24.5%), and 16,600 (13%) live in Asia-Pacific countries, excluding China and India.

Among individual countries, the United States leads by a huge margin with 62,800 UHNW adults, equivalent to 49% of the group total (see Figure 5). This represents an increase of 9,500 compared to mid-2013, an astonishing rise for a single year – more than the total number of UHNW residents in China, which occupies second place with 7,600 residents (6% of the global total). The United Kingdom gained the second largest number of UHNW individuals (up 1,300 to 4,700) consolidating fourth place, behind Germany (5,500), but ahead of France (4,100). Taiwan (2,000) and Korea (1,900) each added about 550, while Brazil (1,900), Canada (2600) and Hong Kong (1,500) gained 200 apiece. The numbers for Russia (2,800) and India (1,800) were almost unchanged.

Changing fortunes

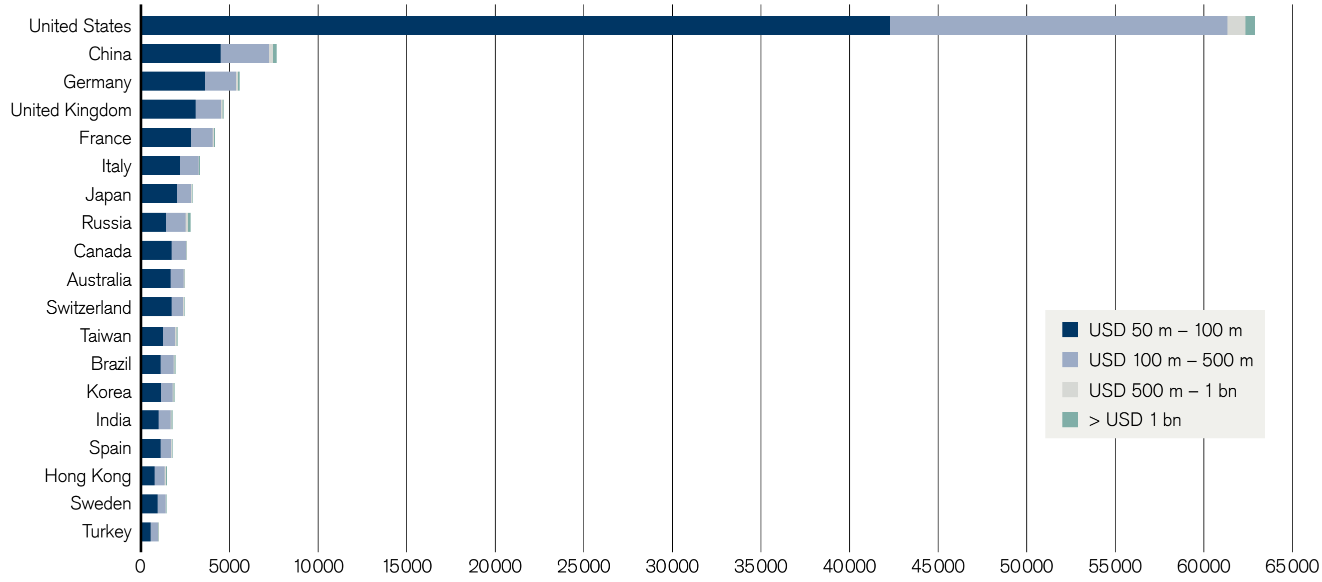
The wealth pyramid provides a convenient way of capturing differences in personal wealth, with millionaires at the top and less wealthy individuals occupying the lower strata. Discussions of wealth holdings often focus exclusively on the top part of the pyramid, paying little attention to the base and middle sections. This is unfortunate because the base and middle segments account for USD 39 trillion of household wealth, and satisfying the needs of these asset owners can drive new trends in consumption, industry and finance. Brazil, China,

Korea and Taiwan are countries that are already rising quickly through this part of the wealth pyramid, with Indonesia close behind and India having the potential to grow fast from a low starting point. At the same time, the top-of-the-pyramid segment will likely continue to be the main driver of private

Figure 5

Ultra high net worth individuals 2014: Selected countries

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



asset flows and investment trends. Our figures for mid-2014 indicate that there are now nearly 35 million HNW individuals, with more than one million located in China and 5.6 million residing in Asia-Pacific countries other than China and India. At the apex of the pyramid, 128,200 UHNW individuals are now worth more than USD 50 million. The recent fortunes created in China lead us to estimate that 7,600 Chinese adults (6% of the global total) now belong to the UHNW group, while 6,500 (5% of the total) are residents of Brazil, India or Russia.

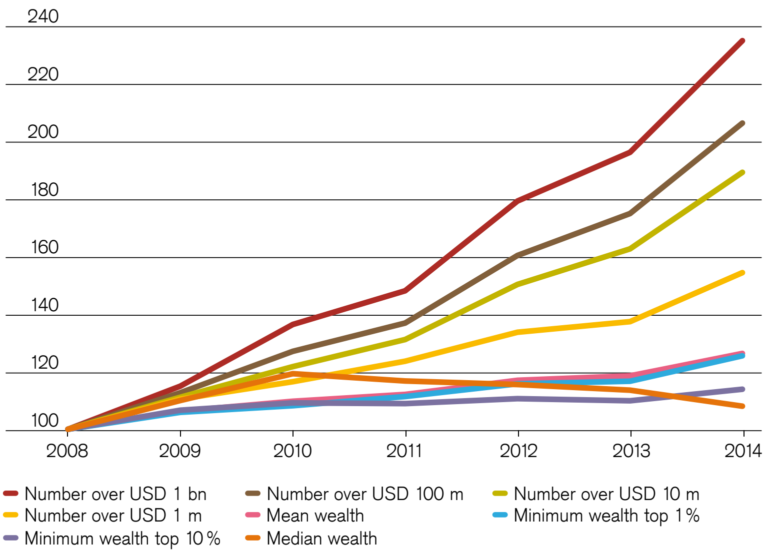
The number of HNW and UHNW individuals has grown rapidly in recent years, reinforcing the perception that the very wealthy have benefitted most in the favorable economic climate. This year, for the first time, we are able to offer data to assess this claim. The four curves at the top of Figure 6 show the rise in the number of adults with wealth above USD 1 billion, 100 million, 10 million and 1 million, respectively, using 2008 as the base year. The three lowest curves capture the change in the amount needed to belong to the top 1%, top 10% and top 50% of global wealth distribution (50% being equal to median wealth). The final series shows mean wealth per adult in each year, again rebased to 2008.

At first glance, the evidence appears to confirm that the wealthiest groups have benefitted disproportionately. Between 2008 and mid-2014, mean wealth per adult grew by 26%; but the same period saw a 54% rise in the number of millionaires, a 106% increase in the number with wealth above USD 100 million, and more than double the number of billionaires. However, little can be deduced about inequality trends from the fact that the number of millionaires and billionaires is growing faster than average wealth: this is almost certain to happen when wealth is growing, regardless of whether inequality is rising or falling. More relevant is the observation that the minimum wealth of the global top percentile in Figure 6 closely tracks the path of mean wealth: this shows that the 99th percentile at least has not outpaced the bulk of the population. On the other hand, the wealth required to be a member of the top 10% has risen at half the pace of wealth per adult since 2008, and median wealth shows almost no improvement, both results hinting at increased inequality. Drawing conclusions regarding inequality trends from complex data is clearly a difficult exercise. The next chapter explores wealth inequality trends in more detail and attempts to shed some light on a topic which is often the subject of public debate.

Figure 6

Trends in the number of HNW and UHNW individuals (base year 2008 = 100)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



Wealth inequality

Personal wealth varies greatly across individuals. During much of the last century, wealth differences contracted in high income countries, but this trend may have gone into reverse. For the first time, we provide annual estimates of wealth inequality since 2000. Our findings suggest that wealth inequality fell slightly in many countries before the financial crisis, but has tended to rise since 2008, especially in the developing world.

PHOTO: SHUTTERSTOCK.COM/DABLDY

Very few personal or household characteristics vary across individuals as much as income and wealth. In almost all countries, the mean wealth of the top decile (i.e. the wealthiest 10% of adults) is more than ten times median wealth. For the top percentile (i.e. the wealthiest 1% of adults), mean wealth exceeds 100 times the median wealth in many countries and can approach 1000 times the median in the most unequal nations. This has been the case throughout most of human history, with wealth ownership often equating with land holdings, and wealth more often acquired via inheritance or conquest rather than talent or hard work. However, a combination of factors caused wealth inequality to trend downwards in high income countries during much of the 20th century, suggesting that a new era had emerged. That downward trend now appears to have stalled, and possibly gone into reverse.

Wealth inequality in the United States

The slow pace at which wealth distribution typically changes, combined with the challenges posed by assembling wealth distribution data, makes it difficult to determine inequality trends over relatively short periods, apart from times of war, revolution or market collapse. It is therefore prudent to look first at longer-run trends, and also to the United States, since it is the country which contributes most to global household wealth, produces the best quality data on personal assets, and has estimates of wealth inequality going back a century.

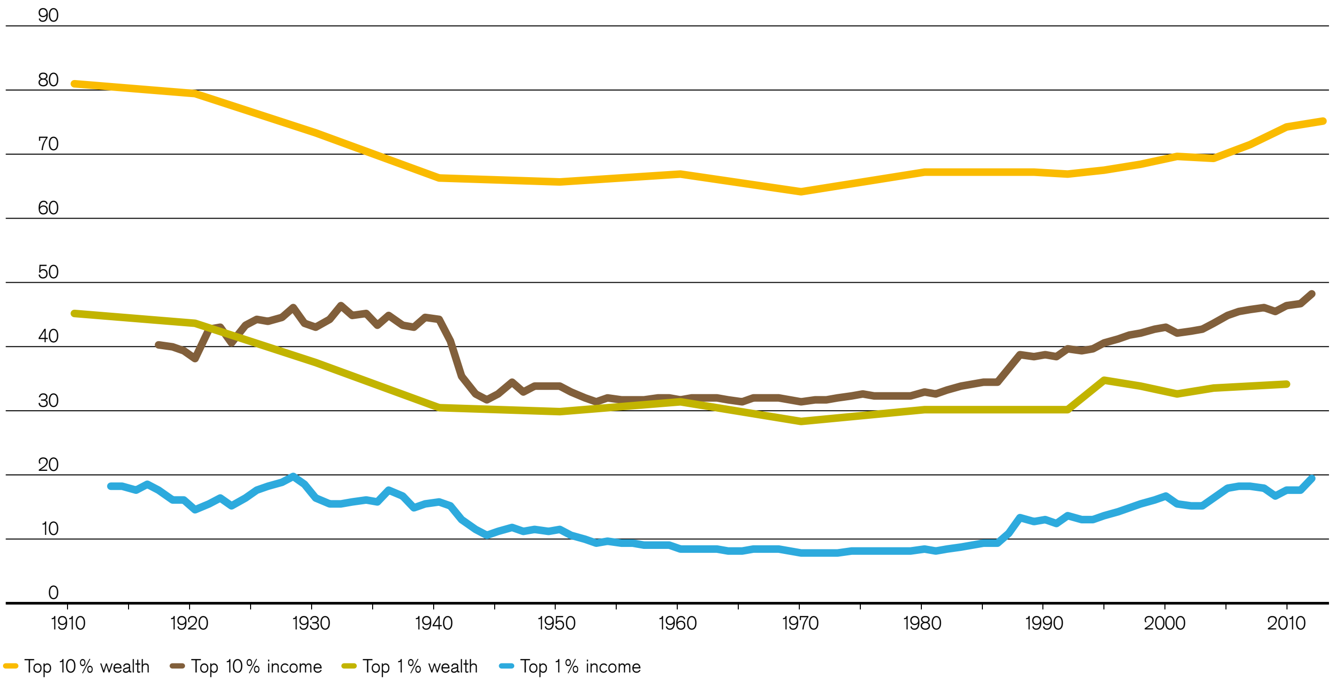
Figure 1 shows the share of wealth owned by the top percentile and decile (i.e. the top 1% and top 10%) of wealth holders from 1910 onwards. The corresponding shares for income recipients are also displayed for reference and show a more pronounced pattern. The share of the top income percentile peaked at 20% in 1928 and then eased down below 10% in the 1950s, to bottom out at 8% in the 1970s. It then rose sharply after 1980, eventually returning to the peak level of the late 1920s. The share of the top income decile followed a similar pattern, although the decline in the early 1940s was more abrupt, and the recent rise has been more sustained.

Wealth inequality is much higher than income inequality. This is a worldwide phenomenon. In Figure 1 the share of wealth for the top percentile is

Figure 1

Income and wealth shares of the top decile and top percentile, United States 1910–2013

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



typically around 20 percentage points higher than share of income, and for the top decile it is typically 30 percentage points higher. But the curves for income and wealth are broadly similar in shape, trending downward from the late 1920s to the 1970s, and then rising. However, in contrast to the income inequality series, the share of the top wealth percentile has shown little upward movement for the past two decades: from 1989 until the present day it has remained around 33%. On the other hand, the share of the top 10% – which better reflects the broader trend – rose gently from 67% in 1989 to 72% in 2007 and then jumped to 74.5% in 2010. Figures just released for 2013 suggest a further rise to 75.3%. These findings point to an upward shift in wealth inequality in recent years.

While top decile wealth shares above 70% are high by international standards, they understate the true level of wealth inequality in the United States since the estimates are derived from the Survey of Consumer Finance (SCF), which explicitly omits coverage of a small number of holdings (roughly those of billionaires) at the apex of the pyramid. Our estimates make adjustments for these missing observations and consequently tend to produce slightly higher values for the share of the top decile and top percentile.

Interestingly, for the United States we find no significant trend in the top wealth shares in either direction. Our calculations suggest that the share of the top percentile was 38.5% in 2000, rose to 38.9% in 2007 and 2008, and then drifted down to 38.4% by mid-2014. These findings are broadly in line with the SCF evidence, although our estimate of the share of the top percentile is significantly higher than the SCF figure, reflecting the fact that we take account of the billionaires. For the top decile, we estimate that its share edged up from 74.6% in the year 2000 to 74.8% in 2007 and 2008, before dropping back to 74.6% again by 2013. Again, our figures broadly conform to the SCF data except for the upward move since 2007, which we do not observe. One possibility is that the SCF is improving its coverage of UHNW holdings, so that our top tail adjustment is becoming redundant – at least as far as the US figures are concerned.

Long-term trends in other countries

The United States is one of ten countries for which long-term wealth inequality series can be constructed. This group is conveniently subdivided into three Anglo-Saxon countries (Australia, the United Kingdom and the United States), four Nordic countries (Denmark, Finland, Norway and Sweden) and three continental European countries (France, the Netherlands and Switzerland). While data from different sources must often be spliced together to obtain these series, the overall conclusion is fairly consistent. In most cases, the share of the top 1% of wealth holders trended down from the 1920s to the 1970s, flattened out, and then edged up slowly. Over the whole period 1914–2010, the top percentile share fell in all countries except Switzerland, where no trend is evident. On the other hand, in most countries the wealth share of the next 4% (i.e. percentiles 95 to 99) in 2010 was close to its value in 1914.

Table 1

Current wealth inequality in developed countries and emerging markets

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

	Developed economies		Emerging markets	
Very high inequality Top decile share > 70% (USA c1910)	Hong Kong Switzerland United States		Argentina Brazil Egypt India Indonesia Malaysia	Peru Philippines Russia South Africa Thailand Turkey
High inequality Top decile share > 60% (e.g. USA c1950)	Austria Denmark Germany	Israel Norway Sweden	Chile China Colombia Czech Republic Korea	Mexico Poland Saudi Arabia Taiwan
Medium inequality Top decile share > 50% (e.g. Europe c1980)	Australia Canada Finland France Greece Ireland Italy	Netherlands New Zealand Portugal Singapore Spain United Kingdom	United Arab Emirates	
Low inequality Top decile share < 50%	Belgium Japan			

PHOTO: ISTOCKPHOTO.COM/_ULTRAFORMA_

Wealth inequality around the world

Although direct data on household wealth distribution are available for countries which collectively cover two thirds of the world's population and about 90% of household wealth, in most cases the data are not of the same quality achieved by the SCF in the United States. Many countries have no direct wealth distribution data at all. The procedures that we have developed – including making use of rich list information on the top tails of wealth distribution – provide an alternative way of estimating wealth distribution and wealth inequality, and may be the only means of constructing plausible estimates for most countries in the foreseeable future. However, it should be borne in mind that the estimates are subject to a higher margin of error than usual.

Figure 1 provides a convenient benchmark for judging the levels of wealth inequality seen around the world. We use the term "medium inequality" to refer to a top decile share of 50%–60%, a level reminiscent of Western Europe around 1980. Most developed countries fall in this category (see Table 1), so little change in inequality over time is evident here. The remaining developed economies typically have a top decile share of between 60% and 70% and are classed as "high inequality" – the level prevailing in the United States in the mid-20th century. The top decile share in Hong Kong, Switzerland and the United States is above 70%: we label this as "very high inequality," similar to that experienced in the United States a century ago. Nowadays, a share below 50% for the top wealth decile is uncommon. Belgium and Japan just squeeze below this "low inequality" threshold.

For emerging market economies, the classification system appears to shift upwards by a grade or more. The majority of countries, including many big players on the international scene – Brazil, India, Indonesia, Russia, South Africa and Turkey – qualify as "very high inequality." According to our estimates, inequality in Russia is so far above the others that it deserves to be placed in a separate category. The remaining emerging market nations – including Chile, China, Korea and Taiwan – are classed as "high inequality," except for the United Arab Emirates, which rates as "medium inequality." Interestingly, Korea, Taiwan and United Arab Emirates have the highest wealth per adult among emerging markets. This hints at the possibility that wealth inequality may tend to decrease as economies mature and average wealth increases, echoing the famous Kuznets' hypothesis that income inequality typically increases during the early stages of development and later declines.

Other measures of wealth inequality

The arrangement in Table 1 changes slightly if countries are grouped instead according to the share held by the top percentile of wealth holders, with cut-off points of 40%, 30% and 20%. Switzerland and the United States now rate as "high inequality," since the top percentile share is less than 40%. Similarly, Austria, Denmark, Germany and Norway register top percentile values below 30%, and hence qualify as "medium inequality." However, five of these six countries are very close to the borderline – the exception being Switzerland for which the top percentile share is just 30.9%.

Chile is another borderline case. The top decile share of 69.4% is just within the "high inequality" band, but the top percentile share of 41.8% suggests that Chile may be better viewed as "very high inequality."

On balance, we favor using the top decile share as the primary indicator of inequality, because it is more broadly based and correlates well with the value of the Gini coefficient. In the context of wealth inequality, however, we recommend against using measures based on the share of the bottom half of the distribution, or the share of the lowest decile, since these values are highly sensitive to the large negative wealth holdings which are now increasingly common in countries with easy access to credit and high levels of student loans. In Denmark, for example, average wealth is negative for each of the three lowest deciles, although Denmark is not normally regarded as a particularly unequal nation.

Regional and global trends in wealth inequality

This year, for the first time, we have been able to construct consistent series for the distribution of wealth in all countries since the year 2000. The resulting data enable us to assess the direction and magnitude of trends in global wealth inequality. Our research suggests that countries often experienced a structural break in inequality trends around the time of the financial crisis. Prior to 2007 most countries show little change in inequality, or a slight decline; after 2007, wealth inequality has tended to increase.

Considering the entire period since 2000, Figure 2 shows that wealth inequality has increased in Latin America and Africa, and to a greater extent in India and China, but fallen slightly in Europe and North America, and also by a fraction in the world as a whole. For the Asia-Pacific region, the evidence is ambiguous: the share of the top wealth decile declined a little, but the share of the top percentile rose.

Splitting the period reveals markedly divergent trends before and after the financial crisis. From 2000 to 2007, inequality fell in every region except China and India. Since 2007, the share of both the top decile and the top percentile has risen in every region except North America. The reduction in wealth inequality during the early period was especially pronounced in Asia-Pacific, Europe and Latin America. The subsequent rises are more consistent across regions, North America excepted.

Inequality trends for individual countries

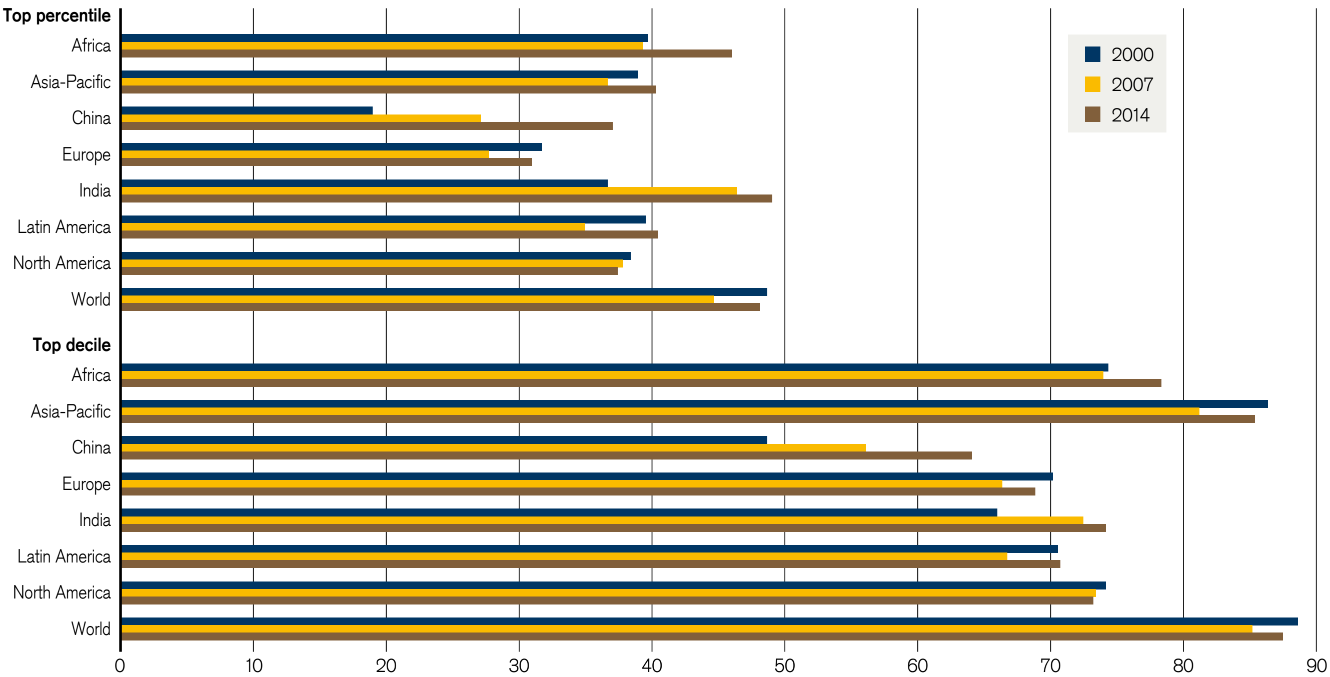
Inequality trends for individual countries are explored in more detail in Table 2, with countries listed in order of the increase in inequality since 2000. The most striking feature is the contrast in experience before and after the financial crisis. In the period from 2000 to 2007, 12 countries saw a rise in inequality while 34 recorded a reduction. Between 2007 and 2014, the overall pattern reversed: wealth inequality rose in 35 countries and fell in only 11. The reason for this abrupt change is not well understood, but it is likely to be linked to the downward trend in the share of financial assets in the early years of this century, and the strong recovery in financial assets since 2007.

To aid discussion, we use the term "slight rise" to denote an increase of 0.1–0.2 percentage points

Figure 2

Wealth share of top decile and top percentile by region, 2000–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



per year in the wealth share of the top decile. The corresponding ranges for a “rise” and a “rapid rise” are 0.2–0.5 and 0.5+ respectively. Similar labels are applied to decreases in wealth shares, while changes averaging between –0.1 and +0.1 percentage points per year are described as “flat.”

Over the entire period since 2000, nine countries have experienced a rapid rise in inequality, but only two had a rapid fall. Wealth inequality rose rapidly in China, Egypt and Hong Kong both before and after the financial crisis. Argentina, India, Korea, Taiwan, Turkey and Russia also experienced a rapid rise over the whole period, although Korea and Turkey had only a moderate rise before 2007, Taiwan showed no trend in the early years, and wealth inequality actually fell earlier in Argentina and Russia. Brazil, the Czech Republic, Indonesia, Israel and the United Kingdom also had significant increases in wealth inequality this century, due almost entirely to rises after 2007. Thus, countries with rising inequality are spread quite widely across all regions apart from North America.

At the other extreme, inequality fell rapidly in Poland and Saudi Arabia over the period 2000–2014, and a significant reduction was experienced in eight other countries, again widely spread across regions and stage of development. They include Malaysia, New Zealand, the Philippines and Singapore in Asia-Pacific; France in Europe; and Canada, Colombia and Mexico in the Americas.

While there is no clear pattern relating wealth inequality trends to region or to the stage of development, there is something distinct about the G7 countries. Only one of them, the UK, recorded rising inequality over the entire period 2000–2014, and only three show an increase after 2007 – France, Italy and the UK. This is unexpected, and interesting, for two reasons. First, income inequality has been rising in these countries and there is heightened concern about wealth inequality as well; yet in most of them, equalization from 2000 to 2007 was sufficient to offset any subsequent rise in inequality. Second, it appears that wealth inequality did not increase in some of the major countries closest to the center of the global financial crisis. This result may be explained in part by the fact that the crisis saw the wealthy lose proportionally more than those at lower levels of the pyramid. In some countries that equalizing effect still dominates, while in others it has been reversed, partly due to strong market performance since 2009.

Determinants of wealth inequality

Many factors are thought to affect wealth inequality, but their precise impact and relative importance are not well understood. Over longer periods, the level and distribution of wealth in a country will depend on the growth rate of the economy, demographic trends, savings behavior, inheritance arrangements, general macroeconomic trends

Table 2

Trends in the wealth share of the top decile by country, 2000–2014

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

	Share of top decile (%)			Change in share of top decile		
Country	2000	2007	2014	2000–2007	2007–2014	2000–2014
China	48.6	56.1	64.0	rapid rise	rapid rise	rapid rise
Egypt	61.0	65.3	73.3	rapid rise	rapid rise	rapid rise
Hong Kong	65.6	69.3	77.5	rapid rise	rapid rise	rapid rise
Turkey	66.7	70.2	77.7	rise	rapid rise	rapid rise
Korea	53.2	55.2	62.8	rise	rapid rise	rapid rise
Argentina	63.1	59.9	71.8	fall	rapid rise	rapid rise
India	65.9	72.3	74.0	rapid rise	rise	rapid rise
Russia	77.1	75.4	84.8	fall	rapid rise	rapid rise
Taiwan	54.3	54.7	62.0	flat	rapid rise	rapid rise
Indonesia	71.2	70.2	77.2	slight fall	rapid rise	rise
Israel	62.4	64.6	67.3	rise	rise	rise
Czech Republic	62.7	59.3	67.3	fall	rapid rise	rise
Brazil	69.4	68.8	73.3	flat	rapid rise	rise
United Kingdom	51.5	52.0	54.1	flat	rise	rise
Spain	54.1	52.0	55.6	fall	rapid rise	slight rise
Chile	67.6	62.4	68.9	rapid fall	rapid rise	slight rise
United Arab Emirates	59.1	60.6	60.4	rise	flat	slight rise
Greece	54.8	48.6	56.1	rapid fall	rapid rise	flat
Austria	63.0	63.0	63.8	flat	slight rise	flat
Thailand	74.4	69.3	75.0	rapid fall	rapid rise	flat
Portugal	57.8	56.0	58.3	fall	rise	flat
Ireland	58.2	57.8	58.5	flat	slight rise	flat
Peru	73.3	73.3	73.3	flat	flat	flat
Australia	51.1	50.7	51.1	flat	flat	flat
United States	74.6	74.8	74.6	flat	flat	flat
Belgium	47.5	47.1	47.2	flat	flat	flat
Netherlands	55.2	53.6	54.8	fall	slight rise	flat
South Africa	72.2	69.0	71.7	fall	rise	flat
Finland	55.0	54.5	54.5	flat	flat	flat
Italy	52.6	47.9	51.5	rapid fall	rapid rise	flat
Sweden	69.7	68.6	68.6	slight fall	flat	flat
Norway	67.0	66.5	65.8	flat	slight fall	flat
Switzerland	73.4	72.0	71.9	slight fall	flat	slight fall
Denmark	68.9	62.6	67.5	rapid fall	rapid rise	slight fall
Germany	63.9	61.7	61.7	fall	flat	slight fall
Japan	51.0	49.4	48.5	fall	slight fall	slight fall
Philippines	79.0	69.2	76.0	rapid fall	rapid rise	fall
France	56.4	51.1	53.1	rapid fall	rise	fall
Colombia	69.4	66.4	65.2	fall	fall	fall
Canada	61.5	58.0	57.0	fall	slight fall	fall
Mexico	68.9	63.5	64.4	rapid fall	slight rise	fall
Malaysia	77.0	73.9	71.8	fall	fall	fall
New Zealand	62.3	61.2	57.0	slight fall	rapid fall	fall
Singapore	66.0	57.3	59.6	rapid fall	rise	fall
Saudi Arabia	73.3	73.4	66.4	flat	rapid fall	rapid fall
Poland	69.9	61.1	62.8	rapid fall	rise	rapid fall

(such as globalization) and government policies affecting, for example, taxation and pension provision. In the short run, the stock of household assets is relatively fixed, so changes in the distribution of household wealth tend to be driven by changes in asset prices, which can affect wealth inequality because the composition of household portfolios varies by wealth level. Cross-country comparisons are also sensitive to exchange rate movements in the short run.

Wealth inequality and asset prices

The composition of household portfolios tends to vary by wealth level in a systematic way. For middle wealth groups, equity in the family home is often the dominant feature. At lower wealth levels, savings accounts are more prominent – and debts are also more evident – while equity in private businesses and listed companies is heavily concentrated higher up the distribution. As a consequence, stock market appreciation tends to favor wealthier individuals and to cause the share of top wealth groups to increase. This leads to the expectation that wealth inequality will fall when financial assets are declining as a fraction of the household portfolio – as happened during the early years of this century; and to rise when the share of financial assets is increasing – as happened after the financial crisis.

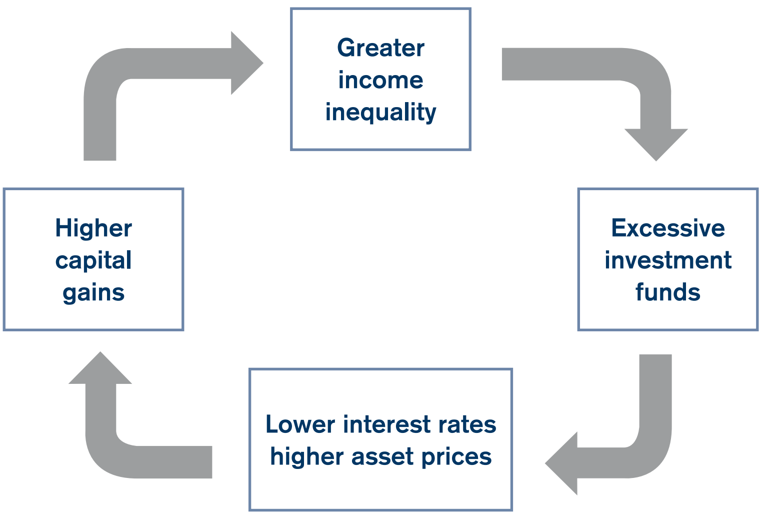
The impact of house price rises is more difficult to assess. The middle class are expected to benefit disproportionately, since owner-occupied housing is more prominent in their portfolio; this has an ambiguous effect on overall inequality, since the top and bottom wealth shares both tend to fall. Furthermore, second homes and investment property form a significant part of the portfolios of wealthier individuals, and appreciate in line with owner-occupied housing. So the impact of house price rises on wealth inequality is not easy to identify and measure. One study for the United Kingdom concluded that rising house prices tend to reduce the share of the top wealth percentile. Another study based on data for the United States echoes this result by showing that the ratio of equity prices to house prices has a powerful positive effect on the wealth share of the top percentile.

Some commentators have claimed that rising equity prices are a consequence – as well as a cause – of rising inequality. It is suggested that rising income inequality in the United States from the 1970s onwards raised the disposable income of the top groups, who typically save a higher proportion of their income. As captured in Figure 3, this led to an increase in funds seeking investment opportunities, driving down interest rates and raising stock prices, which in turn created further capital gains for the top income groups, propelling income inequality to even higher levels. In addition, the fall in interest rates encouraged the housing bubble that developed in the United States in the early 2000s and fuelled the unsustainable growth of debt, which triggered the financial crisis of 2007–2008. If this account is even partially true, it raises concerns about the implications of the widespread rise in wealth inequality since 2008, and about the implications for equity markets once low interest rates are no longer regarded as a priority by central banks.

Figure 3

Feedbacks between inequality and asset prices

Source: Credit Suisse



Wealth inequality and wealth growth

Trends in wealth inequality across countries are also likely to depend on the rate at which household wealth is growing. Fast growing economies are usually associated with successful entrepreneurs and the rapid emergence of young businesses owned by a family or a small group of shareholders. The new wealth created when these businesses are established – and later valued and listed – is highly concentrated, leading to an increase in overall wealth inequality. In the longer run, ownership of the new assets is dissipated via broader shareholdings and intergenerational transfers. However, the initial increase in inequality can persist for many years. Effects like these can be seen today in the more rapidly growing transition countries and emerging markets, and help account for the high levels of wealth inequality in emerging markets evident in Table 1.

Social and demographic impact on wealth inequality

In the longer run, wealth inequality will be affected by demographic trends, of which the most important are rising longevity and ageing societies. As the length of retirement is extended, savings for lifecycle purposes will become a more important component of personal wealth. Lifecycle saving is far from equal, and rising income inequality will magnify the differences; but on balance, greater

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lifecycle saving and pension wealth is expected to reduce wealth inequality. Furthermore, the reduction may well be sufficient to offset any increase in inequality associated with ageing populations, due to the fact that older individuals tend to be wealthier than average.

Other social and demographic factors will also have an impact in the longer term. The spread of popular assets – especially owner-occupied houses, cars and other consumer durables – is seen as a major reason for the secular decline in wealth inequality during the 20th century. Starting from a world in which the working class formed a large fraction of the population and lived in rented accommodation, used public transport and had few possessions, it was inevitable that wealth inequality would decline. Smaller household sizes and more equal treatment of females are also likely to affect trends in wealth inequality, although the precise impact is difficult to assess.

Inheritance and wealth inequality

Property rights and inheritance customs are core subjects in understanding the level of wealth inequality and its transmission over time. In traditional rural societies, wealth inequality is almost synonymous with unequal landholding perpetuated through inheritance. This is true in the Indian subcontinent, parts of Africa, and perhaps most famously in the large latifundia of Latin America, where conditions have historically been semi-feudal. In these circumstances birth dictates opportunity to a large extent. In contrast, the settler societies of Argentina, Australia, Canada and the United States handed out land freely, creating a remarkably equal initial distribution of wealth. Similar impacts occur when land is redistributed on an egalitarian basis through land reforms like those in South Korea and Japan after World War II. In other countries, complex patterns of property rights may

mean that the nominal owner of a piece of land may not have the right to work it, or to sell it. Yet other examples exist of countries where land has been redistributed and the more equal distribution frozen through a prohibition on sale – China is the leading current example, but Ethiopia has a similar setup. These complexities pose great challenges to understanding and analyzing wealth inequality.

In advanced industrial societies unequal landownership is not a core social issue, but inheritance remains an important route to wealth ownership for some people. Furthermore, inherited wealth tends to be quite unequal since middle and lower income families cannot afford to bequeath much, so children of the wealthy benefit disproportionately. In certain situations, the impact may be equalizing. For example, it may assist the spread of new wealth amassed in the first generation fortunes of successful entrepreneurs. Overall, however, it is likely that inheritance tends to raise the level of wealth inequality and to ensure that wealth inequality persists over time, especially in slower growth economies.

Taxation and government policy

Governments can have large impacts on wealth inequality, in a range of ways, some of which tend to be overlooked. High inflation restricts people's ability to build wealth through saving, and sudden unexpected bouts of inflation can erode or even wipe out the savings of broad groups. A lack of secure property rights can have a similar chilling effect on entrepreneurship or accumulation of real assets. Also reducing growth rates, such factors can help to generate high wealth inequality. But higher wealth concentration can also result from more benign influences. For example, strong social security programs – good public pensions, free higher education or generous student loans, unemployment and health insurance – can greatly reduce the need for personal financial assets. Public housing programs can do the same for real assets. This is one explanation for the high level of wealth inequality we identify in Denmark, Norway and Sweden: the top groups continue to accumulate for business and investment purposes, while the middle and lower classes have no pressing need for personal saving.

Governments can also reduce wealth inequality, of course. The sheer size of the public sector has an impact. More economic activity undertaken by the public sector leaves fewer opportunities for private entrepreneurship and investment. Progressive income or estate taxes, and taxes on wealth or capital income, reduce rates of return and hamper asset growth. High levels of taxation on large estates appear to be one of the reasons why wealth inequality declined during the 20th century, as wealthier individuals transferred ownership of core assets during their lifetime. Nowadays, family trusts and similar arrangements are frequently used to mitigate estate tax liability, so the impact is now much weaker.

Similarly, while progressive income and capital taxes are likely to lower wealth inequality, flatter tax structures will lead to rising inequality, as some commentators have suggested has happened in recent decades. More positively, tax shelters for retirement saving give the middle class more incentive to accumulate assets. This will tend to reduce the top wealth shares over time, although the shares of bottom wealth holders may fall as well.

Summary and conclusions

We began by looking at the United States, which has good data on wealth distribution and a long time series on wealth inequality. The share of both

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the top decile and the top percentile declined between 1910 and 1970, and both have trended upwards since then – from 28% to 34% for the top percentile, and from 64% to 75% for the top decile. Trends broadly similar to those for the United States have been recorded for Australia and for eight European countries.

We are reporting for the first time estimates of the wealth share of the top decile constructed on a consistent basis for each year since 2000. The procedures we employ use rich list information to adjust for missing wealth holders at the very top of the wealth distribution. Our results show that wealth inequality varies considerably among developed countries: the share of the top decile ranges from less than 50% for Belgium and Japan, to over 70% for Switzerland and the United States. Among emerging market economies, however, unequal wealth is much more evident: out of the 24 countries we consider, 13 are classed as "very high inequality" with top decile shares above 70%.

As regards wealth inequality trends, our results for the whole period 2000–2014 show that wealth inequality rose in exactly half of the 46 countries monitored. Splitting the period reveals markedly different experiences before and after the financial crisis: inequality fell in 34 countries in the earlier years, but in only 11 countries after 2007. This pattern is broadly reflected in the regional experiences, although inequality rose in China and India both before and after the financial crisis, and declined slightly in North America in both sub-periods. Examples of rising and falling inequality are found among developed countries and among emerging markets, so wealth inequality trends show no clear link with the stage of development. However, it is interesting to note that only one G7 nation – the United Kingdom – appears in the list of 23 countries recording an increase in inequality this century.

Many factors contribute to the level and trend of wealth inequality, and their interactions are highly complex. In the short term, asset prices have a strong effect, with the relative fortunes of the wealthy rising and falling with the stock market. It is likely that the abrupt switch from decreasing inequality up to 2007 to increasing inequality in the years after 2007 is linked to the change in the relative importance of financial assets in household wealth, which followed the same pattern. In contrast, house price increases tend to favor the middle class, prompting a reduction in top wealth shares. Interestingly, rising inequality in recent years may have contributed to asset price increases by providing the top income groups with more funds to invest, and caused wealth inequality to rise further, by giving those lower down more reason to borrow.

Over longer periods, wealth inequality is influenced by economic growth, demographics, savings behavior, landholding, inheritance and government policy. Fast economic growth, for example, is expected to lead to the rapid rise of new businesses, raising inequality. This may account in part for the high level of wealth inequality evident in emerging market economies. Patterns of landholding and the transmission of land from generation to generation is an important consideration in developing countries, while inheritance more generally will tend to support higher levels of inequality, especially in slower growth economies.

Governments can influence the level and distribution of wealth in many ways. Higher levels of taxation – on income, capital, property or inheritance – are all expected to reduce inequality in the longer run, although the repercussions on personal incentives are widely debated. Encouraging wealth creation through tax advantages given to retirement savings programs is less controversial and will tend to reduce inequality. Welfare state policies, including public pensions, help to reduce income inequality; somewhat perversely, however, they reduce the need for lower and middle income families to save, lowering their wealth and tending to raise wealth inequality.

Given the complex sources for wealth inequality it is difficult to predict future changes. However, in China, India and some other emerging market countries, slower growth may bring a deceleration in the rise of wealth inequality, and time will allow recent new fortunes to spread among a wider group of owners. Wealth inequality may also fall as the share of financial assets in aggregate total wealth stabilizes or declines. In mature economies, policies to address wealth inequality are receiving increased attention and can hopefully be designed to avoid unwanted effects on growth or economic security. Among emerging markets, policy makers would be advised to study countries, such as Singapore, which have tried to ensure that wealth gains are broadly shared, and which have succeeded in keeping wealth inequality in check.

Household wealth in 2019

In this chapter, we present projections of global wealth for the next five years. Global wealth is expected to grow by 40%, reaching USD 369 trillion by 2019. Emerging markets will account for 26% of the additional wealth, compared to 11.4% of the extra wealth in the period from 2000 to 2014. The number of millionaires worldwide is projected to rise from 35 million to 53 million, an increase of more than 50%.

Wealth growth expected to accelerate

In the coming years, the rate of wealth growth will likely exceed its long-term average level. We estimate that global wealth will rise by 40% in the next five years, equivalent to an annual growth rate of 7.0%. This wealth growth projection exceeds our nominal GDP growth estimate by 1.5%, but this is not unprecedented: during the period 2001–2007, wealth growth exceeded GDP growth by more than 2%.

Over the period 2001–2014, which includes the global financial crisis that started in 2007, wealth growth slightly lagged GDP, as financial assets proved less resilient than the underlying economy. This also underlines the high correlation of wealth with asset values, which explains its increased volatility relative to GDP.

Like any forecast, our estimates are based on a set of assumptions and should be treated with a degree of caution. The economy and financial markets will always be subject to known and yet unknown risks and opportunities, and even the most sophisticated model will fail to take all these factors into account.

Global personal wealth to rise from USD 263 trillion to USD 369 trillion by 2019

Wealth is closely linked to economic output. Financial assets like equities increase in value when corporate profits rise, while new issuance of financial instruments also adds to the stock of financial wealth. Similarly, the value of real assets increases as a result of rises in the quantity and price of real estate. In the next five years, global wealth is projected to reach USD 369 trillion, which equates to 3.7 times global GDP, against 3.4 times GDP today. Average wealth is expected to rise by USD 18,000 per adult worldwide (31%), from USD 56,000 to USD 74,000 in 2019. Global median wealth per adult is expected to grow even faster

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尚书房
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because of faster wealth creation in poorer nations. The United States will remain by far the wealthiest country, with aggregate wealth in excess of USD 114.5 trillion in 2019. Wealth in the Eurozone countries will likely reach USD 80 trillion from USD 58 trillion today. China has reduced the wealth deficit with Japan from USD 14.7 trillion in 2000 to USD 1.7 trillion in 2014, and is predicted to become the world's second wealthiest economy by 2019. In terms of wealth per adult, Switzerland will remain the undisputed leader, followed by Australia and Sweden. Measured by median wealth, however, Australia will remain the world number one and Belgium the world number two.

Rapid growth in emerging markets set to continue

Emerging economies have expanded rapidly during the last 15 years and now account for a higher share of global output than ever before. This is partly due to rapid population growth, but also because many countries are catching up with mature economies. The rise of emerging economies has become visible in wealth statistics. High income economies accounted for nearly 89% of global wealth in 2000, but their share has declined to 81% by 2014. We expect it to fall further to 79% by 2019. Middle and low income households could see their share of wealth rise by USD 27.4 trillion in the next five years, from USD 49.0 trillion (19% of global wealth) to USD 76.4 trillion (21%) (see Figure 1).

Dividing emerging market countries into three groups (low, lower-middle and upper-middle income), we expect that the lower middle-income segment will record the highest growth, driven primarily by progress in China. Despite the marked slowdown in GDP growth in recent years, the Chinese economy continues to exhibit high growth levels in relative terms, encouraging us to project an annual growth rate of 11% for China. To put this in perspective, wealth per adult in China would be just 7.6% of the US level in 2019, against 6.1% today. Median wealth per adult in China, currently at USD 7,000, could grow at more than twice the rate in the United States, reaching USD 11,400 in 2019, or 17% of the predicted US level.

Household wealth in India is projected to grow by more than 50% by 2019, but this could be surpassed if there are fundamental economic reforms. On a per-adult basis, the growth rate will be well above the global average, rising by 37% to USD 6,400 per adult. Emerging markets other than China and India account for 9% of global wealth, and could grow by 46%, enabling wealth per adult to rise by 33% to USD 15,500.

Rapid growth

Over the next five years, we expect to see a big improvement in the position of emerging economies. This is demonstrated in Figure 2 by comparing the total wealth of some of the largest economies today and five years from today, to the wealth of the United States in the course of the 20th century, adjusted for inflation.

It shows the position of the Eurozone, Japan, Mexico, Africa and China relative to the United States from a historical perspective. Despite having 16 million more adults than the United States, the

Figure 1

Wealth share of emerging markets (in %)

Source: Credit Suisse

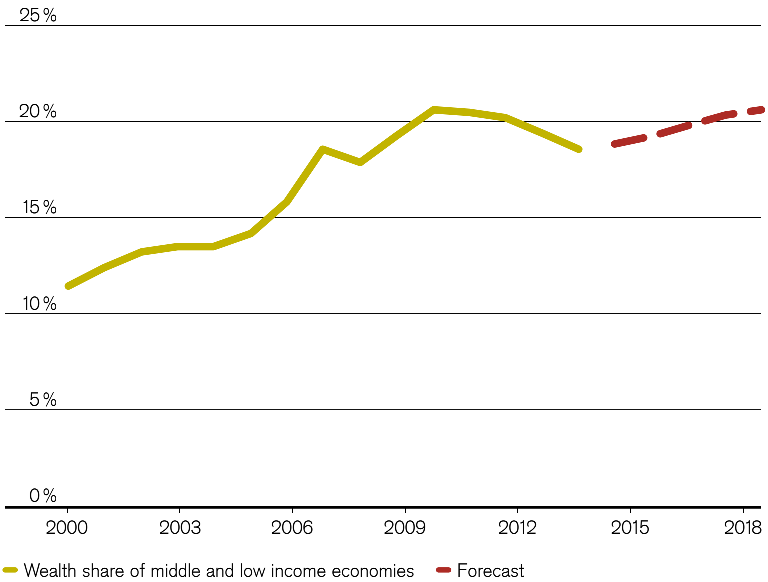


PHOTO: ISTOCKPHOTO.COM/HOLGS

Figure 2

Total wealth in the United States and relative position of selected economies (in USD trillion, constant prices)

Source: Credit Suisse

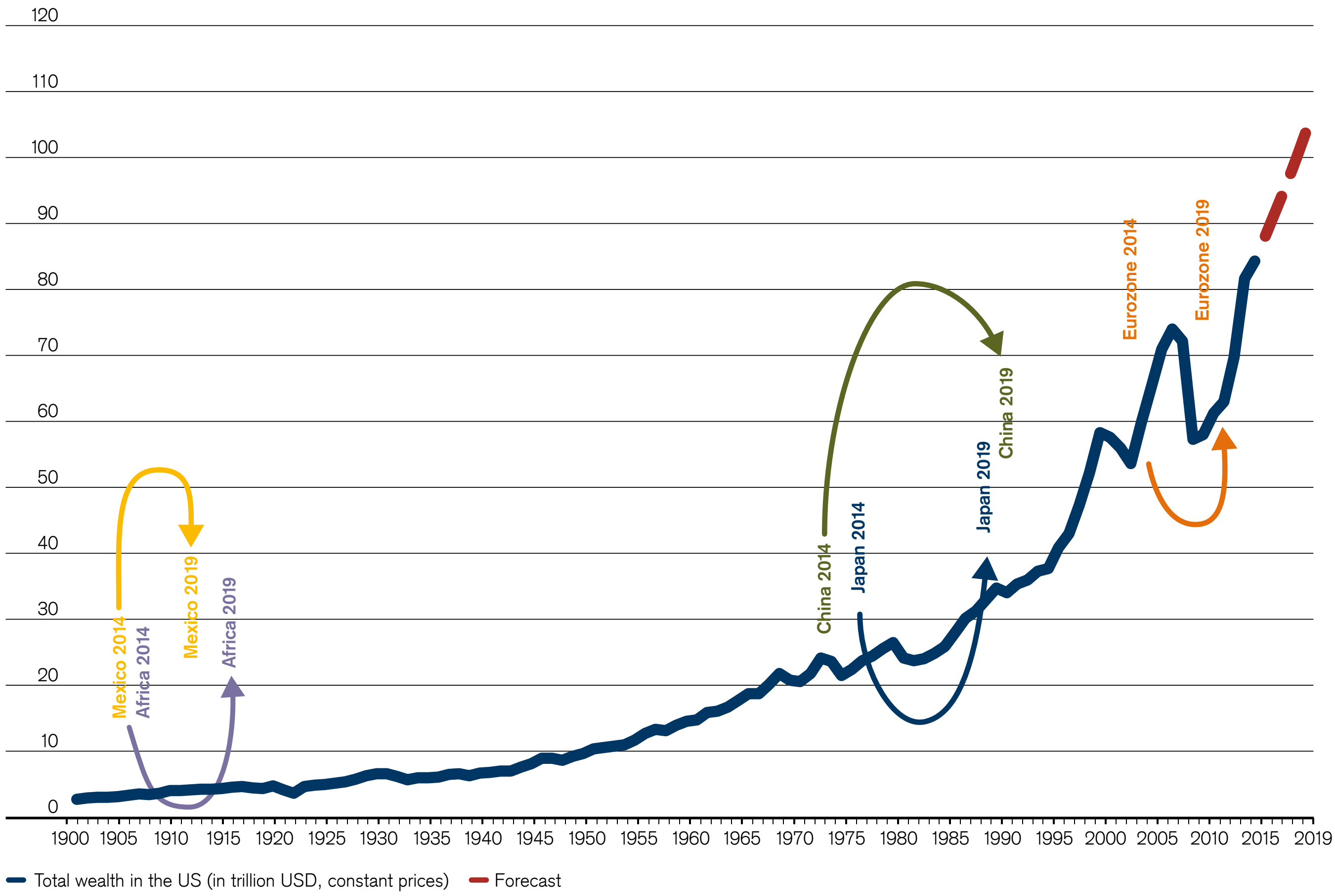


Figure 3

China to overtake Japan as the second wealthiest economy in the world

Source: Credit Suisse

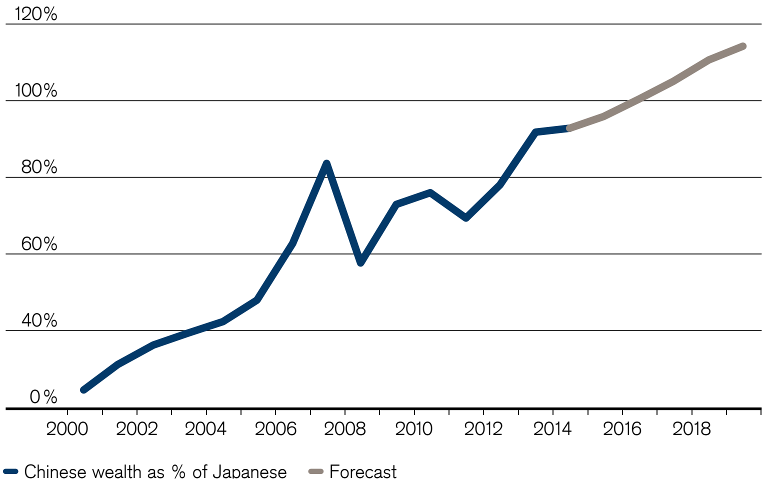


Figure 4

Wealth distribution (% of adults)

Source: Credit Suisse

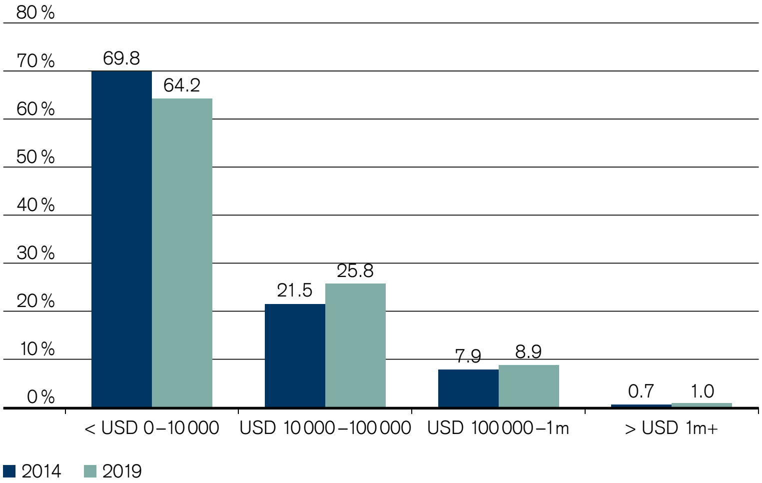
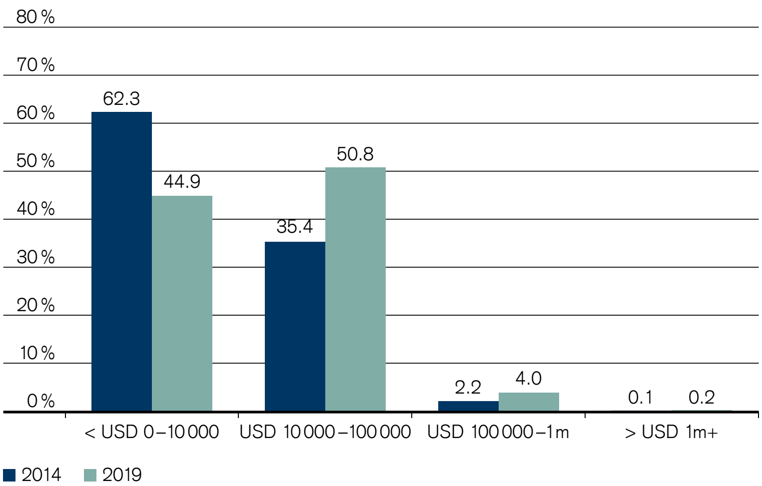


Figure 5

China wealth distribution (% of adults)

Source: Credit Suisse



Eurozone's total wealth of USD 56 trillion in 2014 is comparable to total wealth in the United States in 1999. In the next five years it would be equivalent to United States wealth holdings back in 2007.

Africa's wealth in the next five years could increase as much as the United States gained over the course of the 11 years from 1905; African households' real wealth is expected to reach USD 4.2 trillion by 2019, a level comparable to the 1916 level in the United States.

With total household wealth adding up to USD 21.5 trillion, China is comparable to the United States in 1970. If recent growth trends continue, China could reach the real wealth level that the United States had in 1989, resulting in a jump of 19 United States years in just five actual years. What is most striking is the fact that, if Japan's lacklustre performance during the last decade continues, we expect China to surpass Japan as the second wealthiest economy in the world (see Figure 3). Total wealth in Japan is comparable to that of the United States in 1987 and it is expected to reach USD 28.8 trillion in 2019.

The global middle class

This catching up by the emerging economies will greatly benefit the global middle class. We expect the global value of median wealth per adult to rise by 36%, from USD 3,600 today to almost USD 5,000 in 2019. While the number of adults with wealth below USD 10,000 will shrink by 1%, the number will rise by 30% in the middle class wealth range (USD 10,000 to USD 100,000) and by 22% in the upper-middle class band (USD 100,000 to USD 1 million). This leads us to expect a substantial expansion of the middle segment in the wealth pyramid, and a corresponding contraction in the proportion of adults with wealth below USD 10,000 (see Figure 4). Of the additional 401 million adults in the middle segment by 2019, 75% are from Asia-Pacific (including China and India) and an astonishing 45% are from China alone (Figure 5).

Millionaire growth

The millionaire segment will be the fastest growing group, projected to rise by 53%, from 35 million today to 53 million in five years' time (see Table 1). While millionaire numbers in emerging economies are still far below the levels in the United States or Europe, they are expected to increase substantially by 2019. China could see its number double to more than 2 million, and we also project substantial increases in Indonesia (64%), India (61%), Mexico (57%), Singapore (50%) and Brazil (47%). In addition, the number of millionaires in transition economies is predicted to rise substantially over the next five years, reaching more than 200 thousand in Russia, 89 thousand in Poland and 47 thousand in the Czech Republic.

PHOTO: ISTOCKPHOTO.COM/LITTLENY

Table 1

Number of millionaires in 2014 and 2019 (regions and selected countries)

Source: Credit Suisse

	Number (thousand)		Change
	2014	2019	(%)
United States	14,166	19,705	39
France	2,444	4,160	70
United Kingdom	2,043	3,381	66
Germany	1,964	3,242	65
Korea	333	570	71
Brazil	225	332	47
Mexico	172	271	57
Singapore	167	250	50
Russia	158	203	28
Hong Kong	102	165	62
Indonesia	98	161	64
Turkey	79	110	39
Poland	50	89	79
Chile	48	88	84
Colombia	51	80	56
Malaysia	38	79	109
Saudi Arabia	48	63	31
United Arab Emirates	46	58	26
Czech Republic	32	47	45
Africa	144	279	93
Asia-Pacific	5,637	9,151	62
China	1,181	2,292	94
Europe	11,780	19,056	62
India	182	294	61
Latin America	605	921	52
North America	15,308	21,171	38
World	34,837	53,162	53

Methodology

We project total wealth at the country level by forecasting the two components of wealth – financial and non-financial – separately, but by using the same inputs (GDP and inflation) from the IMF's latest World Economic Outlook database.

For aggregate financial wealth we estimate a 5-year projection of market value using a dividend discount model at the country level. To compute the discount rate we assume normalization in market conditions (risk appetite and volatility). We estimate dividends by using analyst consensus expectations and trend GDP growth. Then we estimate the 5-year forward price target and finally compute the corresponding change in market value (this typically grows at a higher rate than the price index). We have estimates for 42 countries in local currency and they are converted to dollars using IMF exchange rate projections.

For non-financial wealth, we base our model on a regression of non-financial wealth on GDP and inflation and we produce a forecast based on IMF projections of these variables. Again, forecasts are in local currency and they are converted into dollars using IMF FX projections. For countries where we do not have projections we use GDP per capita growth to forecast net worth, and assume that the percentage in financial/non-financial/debts is the same as for 2014.

PHOTO: ISTOCKPHOTO.COM/FRANKVANDENBERGH

Wealth of nations

The level and distribution of household wealth differ widely across countries. This section of our report provides a sample of the variety of country circumstances and the range of experience.

Wealth data are good in the high-income countries that have most of the world's wealth, but data quality is patchy elsewhere. The reliability of the source material differs among the countries discussed below. For each country, data quality is rated as no worse than "fair," meaning that there is at least some credible source of data on wealth, such as a recent household survey. In most of the selected countries quality is "good," indicating that there is an official household sector balance sheet as well as an acceptable way to estimate wealth distribution. A "satisfactory" rating is given when the data are good but somewhat out of date.

The charts in this section highlight some of the most important facts, and are generally based on wealth per adult in US dollars at the prevailing exchange rate. The first chart shows changes in average wealth for the period 2000–2014. Since exchange-rate changes can alter the apparent trend, an alternative series is provided for each country using its average USD exchange rate for the 14 years. A typical pattern is a mild decline in average wealth between 2000 and 2002, an increase until 2006 or 2007, and a drop in 2008 with a subsequent recovery. Generally, wealth in 2014 is higher than in 2000, and in most cases is now higher than in 2007. Many currencies rose against the US dollar over the period, so wealth growth often appears slower when measured using average exchange rates.

Countries that follow the typical pattern over 2000–2014 include the USA itself (where there is no exchange rate factor), Canada, Denmark, France and the UK. Some countries, notably China, India and Indonesia, record significantly above-average growth rates. At the other extreme, Japan's wealth has grown only a little in US dollars, and hardly at all in yen. Experiences varied during the 2007–2008 recession. The UK, for example, recorded a very large drop in wealth, but Switzerland registered little decline in USD terms. Wealth in most major OECD economies has now regained or exceeds the 2007 level in constant exchange rate terms.

The breakdown of countries' assets between financial and real (non-financial) forms, as well as average debt and net worth, is shown in our second chart. Globally, financial assets on average comprise 54% of total gross assets, and debt accounts for 14%. There are several countries for which financial assets are significantly more important, including Japan, the USA and Switzerland. In contrast, real assets dominate in India and Indonesia, and in Australia and France among the wealthier countries.

The last chart shows the distribution of wealth. There are some notable comparisons. For example, 95% of adults in India have net worth less than USD 10,000, whereas this percentage is only 62% in China. Moreover, the percentage of those with very little wealth is surprisingly high in some developed countries, while in others it is very low. This reflects aspects such as the availability of credit, including student loans, and the number of young adults who live or are counted separately from their parents, making their wealth more evident in household surveys.

United States

Land of fortunes

The US economy and its stock markets performed well in 2012-2014, leading to a sixth successive year of rising wealth. Average wealth was USD 209,000 at the turn of the century and rose fairly steadily until 2006, before falling as a result of the financial crisis. After a fairly tumultuous period, wealth per adult has fully recovered, and is now 19% above the 2006 level. Despite the forthcoming termination of quantitative easing, the US economy is doing well. There is uncertainty about whether the stock market will continue to rise, but otherwise the signs are positive for household wealth in the immediate future.

The USA is unusual in having a very high proportion of assets (70%) reported as held in financial form, partly because it includes business equity wholly as a financial asset. Adopting the more usual procedure of treating unincorporated enterprises as part of the household sector, the share would be about 62%, which is still relatively high. The USA has a larger number of active shareholders than most other countries. Also, compared with many other OECD countries, it has relatively more economic activity in the private sector than the public sector, and more outward foreign investment – both of which rely partly on financing by households. Debts of USD 57,800 per adult are not extreme by international standards.

Compared to wealth distribution in the rest of the world, the USA has a high proportion of the population with wealth above USD 100,000. The percentage of people with wealth at higher levels is even more disproportionate. The USA has by far the greatest number of members of the top 1% global wealth group, and accounts for 41% of the world's millionaires. The number of UHNW individuals with wealth above USD 50 million is eight times that of the next country, China.

Country summary 2014		
Population	328	million
Adult population	241	million
GDP	70,690	USD per adult
Mean wealth	347,845	USD per adult
Median wealth	53,352	USD per adult
Total wealth	83.7	trillion USD
Dollar millionaires	14,166	thousand
Top 10% of global wealth holders	104,621	thousand
Top 1% of global wealth holders	18,014	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

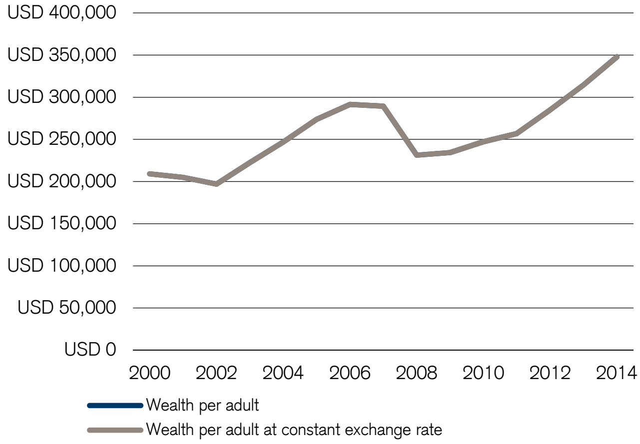


Figure 2
Composition of wealth per adult

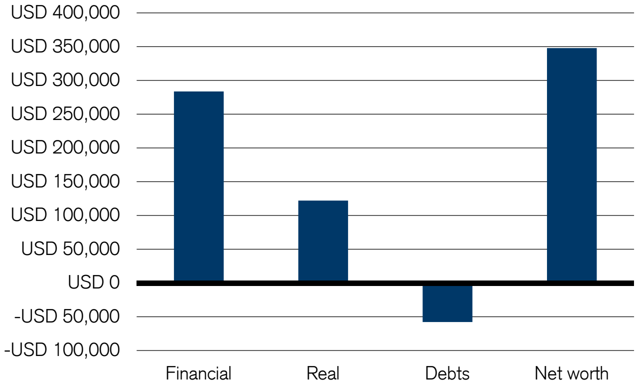
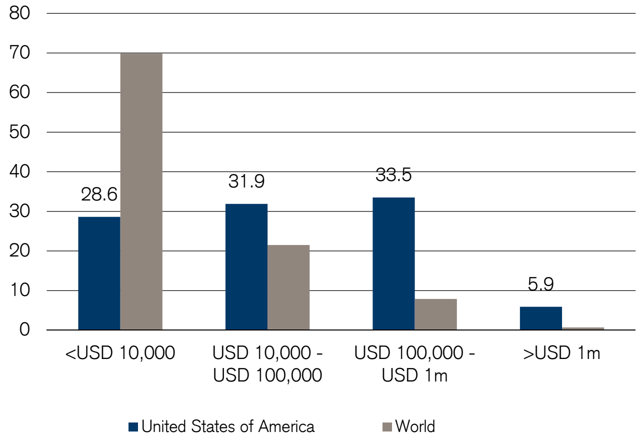


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Japan

Shock therapy

After two decades of coasting along, Japan began experimenting in 2012 with "Abenomics," a combination of fiscal stimulus and monetary expansion. The initial results included a small increase in GDP, a large rise in the stock market and significant depreciation of the yen. In the year to mid-2014, growth of wealth fell from 2% to 1% in yen terms, and the yen stabilized, so that wealth also grew 1% when measured in USD.

Despite falling behind over the years in rankings according to wealth per adult, Japan still ranks second after the USA in terms of aggregate wealth. It began the new century with wealth per adult of USD 191,900. Average wealth today is 14% higher in US dollar terms, but only 1% higher when measured in Japanese yen. This stagnation is due to the combined effects of the poor stock market performance until recently, low interest rates and investment income, a housing market that has been on a downward trend since the 1990s and a reduced saving rate.

The decline in property values means that financial wealth is now the major component of household wealth, making up 61% of gross assets. Debts have been declining and are modest by international standards, at 14% of total assets.

Japan has a more equal wealth distribution than any other major country, as reflected in a Gini coefficient of 63%. Together with its high average wealth, this relative equality means that few individuals have assets below USD 10,000. The proportion of the population with wealth above USD 100,000 is over six times the global average. At the turn of the century, Japan was a close second to the USA regarding the number of residents in the top 10% and top 1% of global wealth holders. Japan still retains second place, but the gap has widened considerably.

Country summary 2014		
Population	126	million
Adult population	104	million
GDP	58,650	USD per adult
Mean wealth	222,150	USD per adult
Median wealth	112,998	USD per adult
Total wealth	23.2	trillion USD
Dollar millionaires	2,728	thousand
Top 10% of global wealth holders	62,635	thousand
Top 1% of global wealth holders	4,047	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

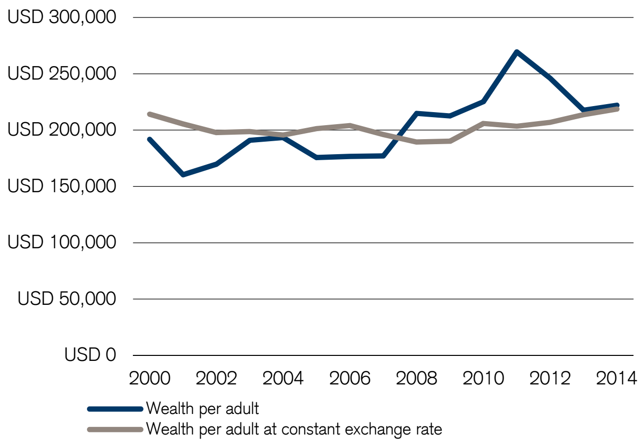


Figure 2
Composition of wealth per adult

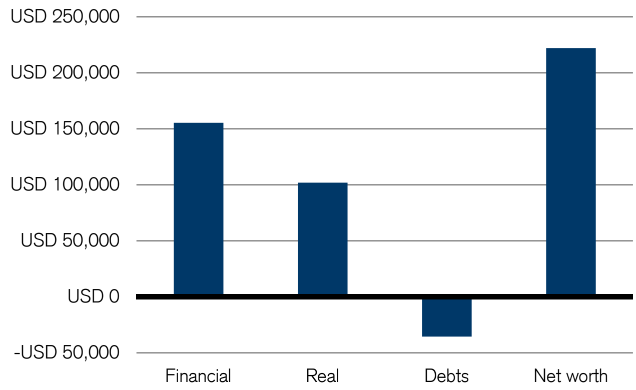
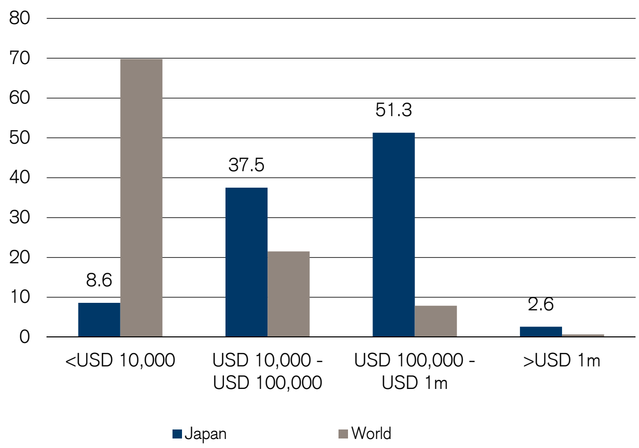


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

China

Star of the east

Wealth per adult in China has grown robustly since 2000, more than tripling from USD 5,670 to USD 21,330 in 2014. The financial crisis caused a major setback, with wealth falling by approximately 20%. But wealth in China soon recovered to its pre-crisis level, and has continued to grow, although almost all of the gain since 2010 has been due to appreciation of the yuan.

Total household wealth in China is the third highest in the world, just 8% behind Japan and 44% ahead of France (in fourth place). Due to a high personal saving rate, a high proportion (49%) of Chinese household assets is in financial form compared with other major developing or transition countries. At the same time, privatized housing, new construction and rural land are very important forms of wealth in China, accounting for much of the USD 10,900 in real assets per adult. Debt averages USD 1,600, equivalent to 6% of gross assets. While this is relatively low, personal debt has been rising at a fast rate in recent years.

Although significant inequality is created by the strong urban-rural divide in China, at the turn of the century overall wealth inequality was low – both by broad international standards and in comparison to other transition countries. This was due to factors such as the virtual absence of inherited fortunes, and relatively equal division of both rural land and privatized housing. Inequality has been rising strongly, however, with the increasing wealth of successful entrepreneurs, professionals and investors. China now has over one million millionaires, and more residents with wealth above USD 50 million than any other country except the USA. Its Gini coefficient for wealth inequality now stands at 72%, which is not extremely high by international standards, but is much higher than its level of 60% in the year 2000.

Country summary 2014		
Population	1,361	million
Adult population	1,003	million
GDP	9,119	USD per adult
Mean wealth	21,330	USD per adult
Median wealth	7,033	USD per adult
Total wealth	21.4	trillion USD
Dollar millionaires	1,181	thousand
Top 10% of global wealth holders	31,903	thousand
Top 1% of global wealth holders	1,579	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

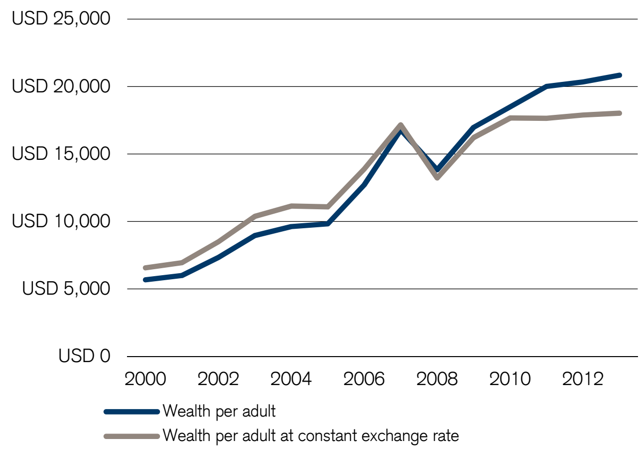
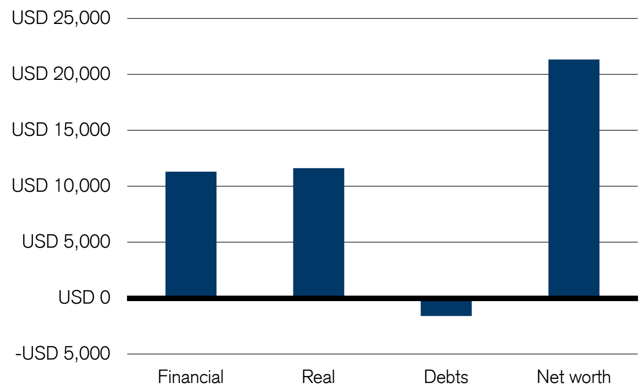


Figure 2
Composition of wealth per adult



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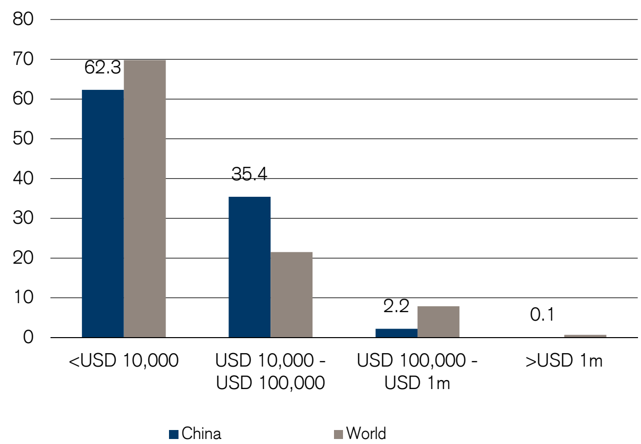
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

India

Emerging wealth

India has seen rapid growth in wealth measured in domestic terms since the year 2000. In rupees, wealth per adult has grown quite steadily, averaging an 8% annual increase over 2000–2014. Until the global financial crisis, wealth also rose strongly in US dollar terms, from USD 2,040 in 2000 to USD 5,100 in 2007. After falling 25% in 2008, it rebounded, reaching USD 5,400 in 2010, but then fell 13% in 2011 due to adverse exchange rate movements. Depreciation of the rupee has continued since, at a slower rate, so that wealth per adult has not regained its previous peak and was just USD 4,650 in mid-2014.

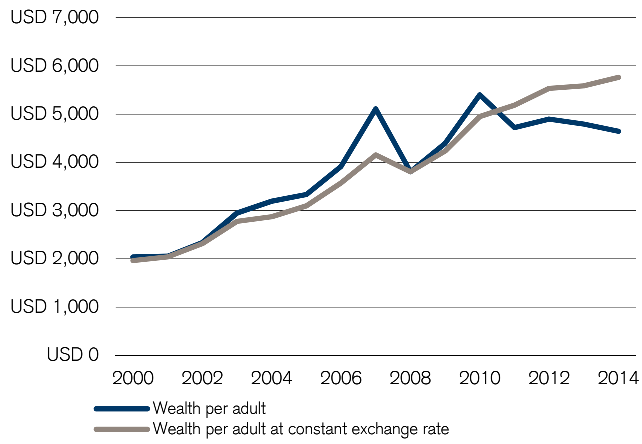
As is common in the developing world, household wealth in India is heavily skewed towards property and other real assets, which make up 86% of estimated household assets. Personal debts are estimated to be only USD 315, even when adjustments are made for the significant underreporting that is believed to affect the household survey used to estimate personal debts in India.

While wealth has been rising strongly in India, and the ranks of the middle class and wealthy have been swelling, not everyone has shared in this growth and there is still a great deal of poverty. This is reflected in the fact that 95% of the adult population has wealth below USD 10,000.

At the other end of the scale, a very small proportion of the population (just 0.3%) has a net worth over USD 100,000. However, due to India's large population, this translates into 2.4 million people. India has 238,000 members of the top 1% of global wealth holders, which equates to a 0.5% share. We estimate that 1,000 adults have wealth over USD 50 million and 650 people own more than USD 100 million.

Country summary 2014		
Population	1,271	million
Adult population	776	million
GDP	2,694	USD per adult
Mean wealth	4,645	USD per adult
Median wealth	1,006	USD per adult
Total wealth	3.6	trillion USD
Dollar millionaires	182	thousand
Top 10% of global wealth holders	3,757	thousand
Top 1% of global wealth holders	238	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time



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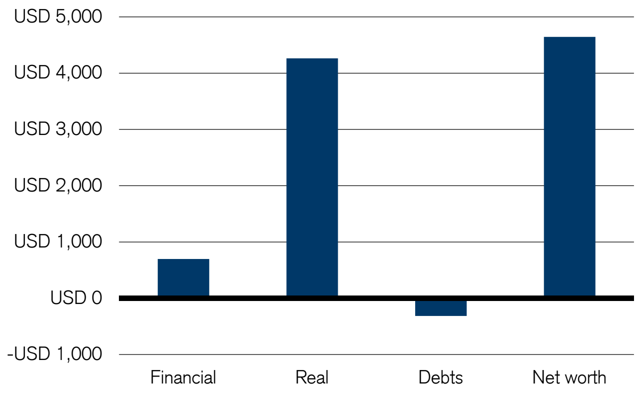

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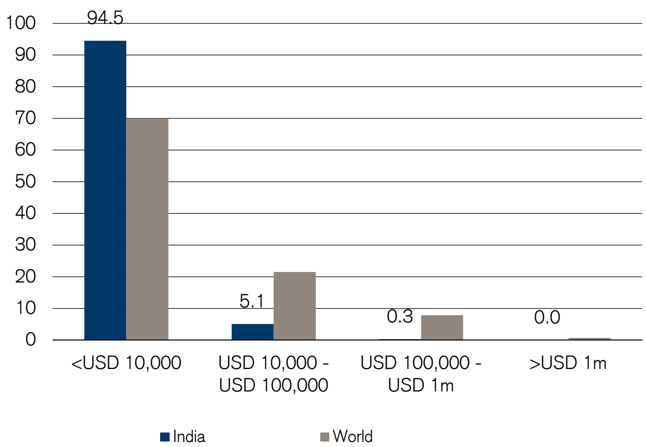


Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

France

Uncertain prospects

While the euro crisis has receded, France still struggles with high unemployment, low growth and rising debt. Recent austerity measures aimed at dealing with these problems have aroused controversy, but it is too early to assess their impact. Despite these challenges, France remains fifth in the world in terms of aggregate household wealth and eighth according to wealth per adult.

Wealth per adult grew rapidly in France from the year 2000 to 2007, almost trebling in USD terms. It then decreased by 9% in 2008. Recovery has proved slow, although the pre-crisis peak has been overtaken this year. Much of the pre-2007 rise was due to the appreciation of the euro against the US dollar. However, France also experienced a rapid rise in house prices, which is reflected in the fact that real property currently accounts for 62% of household assets. Personal debts are just 12% of household assets.

The total wealth of French households is very sizeable. Although just 1.1% of the world's adults live in France, in terms of aggregate household wealth in current USD, it ranks fourth among nations – behind China and just ahead of the United Kingdom. Europe as a whole has 34% of the individuals in the global top 1% by wealth, but France on its own makes up one fifth of the European contribution. This reflects the high average net worth of French households, rather than unusually high wealth inequality.

Relatively few adults in France are estimated to have wealth less than USD 10,000. The proportion with assets over USD 100,000 is over six times the global figure. There are more millionaires in France than in any other European country. But above USD 50 million or above USD 100 million, residents of Germany and the UK outnumber the French.

Country summary 2014		
Population	64	million
Adult population	48	million
GDP	58,521	USD per adult
Mean wealth	317,292	USD per adult
Median wealth	140,638	USD per adult
Total wealth	15.3	trillion USD
Dollar millionaires	2,444	thousand
Top 10% of global wealth holders	28,680	thousand
Top 1% of global wealth holders	3,528	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1

Wealth per adult over time

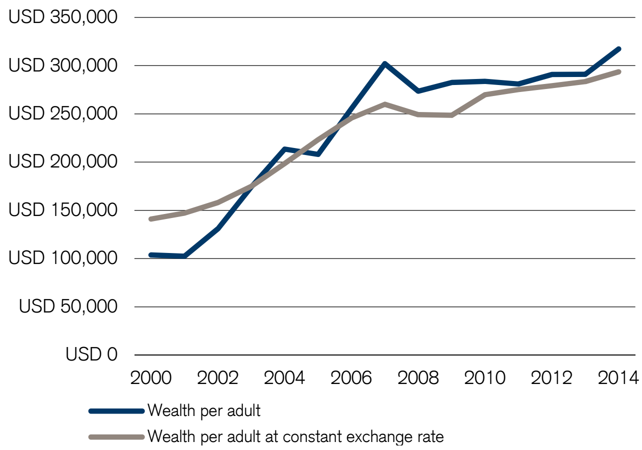


Figure 2

Composition of wealth per adult

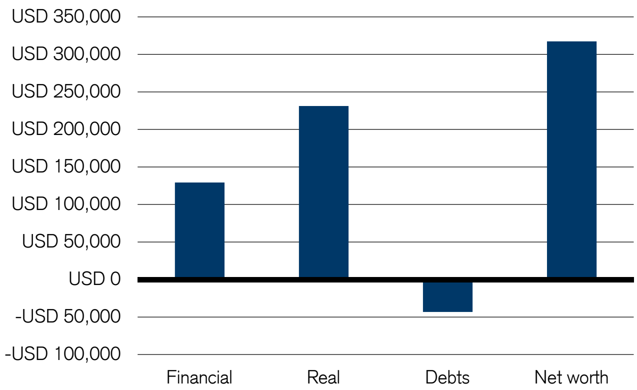
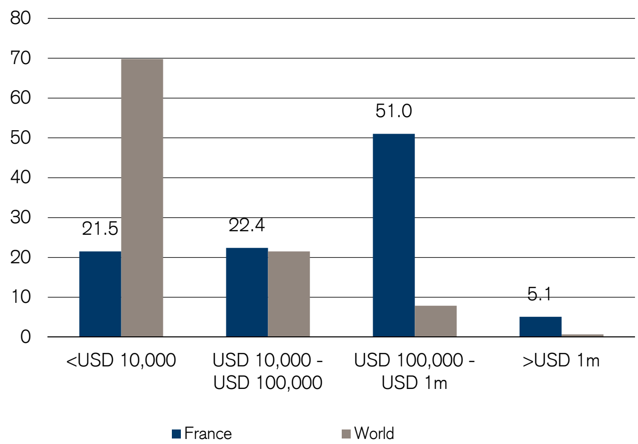


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

United Kingdom

Advancing again

The UK has information on both the level and the distribution of wealth dating back more than a century. These data show a large decline in wealth concentration from 1900 to the late 1970s, and relative stability of the wealth to income ratio during the same period, with the value typically lying between 4 and 5 for much of the time.

Around 1985, the situation changed as UK wealth began a period of sustained growth fuelled by a robust housing market and good equity returns. The boom ended with the financial crisis in 2007. At that time, the wealth-income ratio had risen above 9, the highest level recorded for any country apart from Japan at the peak of its asset price bubble in the late 1980s. The subsequent fall in both real property and financial assets led to a 12% drop in average wealth measured in pounds sterling, but the simultaneous GBP depreciation caused wealth per adult in USD to plummet by 36%. Average wealth in pounds sterling fluctuated around the pre-crisis peak up to 2013, but last year rose 6% above the 2007 level. In USD terms, however, wealth per adult remains below the 2007 figure.

Financial and non-financial assets are roughly equal in importance in the UK. Along with many other countries, household debt grew quickly as a multiple of income from 1980 onwards, tripling in value to reach 180% in 2008. The debt to income ratio subsided to 150% by 2013, but has subsequently risen back to 170%. At 16% of gross wealth, debt is not exceptionally high by international standards.

Nowadays the pattern of wealth distribution in the UK is very typical for a developed economy. Almost 60% of the population has wealth exceeding USD 100,000 and there are two million US dollar millionaires.

Country summary 2014

Population	63	million
Adult population	48	million
GDP	53,990	USD per adult
Mean wealth	292,621	USD per adult
Median wealth	130,590	USD per adult
Total wealth	14.2	trillion USD
Dollar millionaires	2,043	thousand
Top 10% of global wealth holders	30,143	thousand
Top 1% of global wealth holders	2,900	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1

Wealth per adult over time

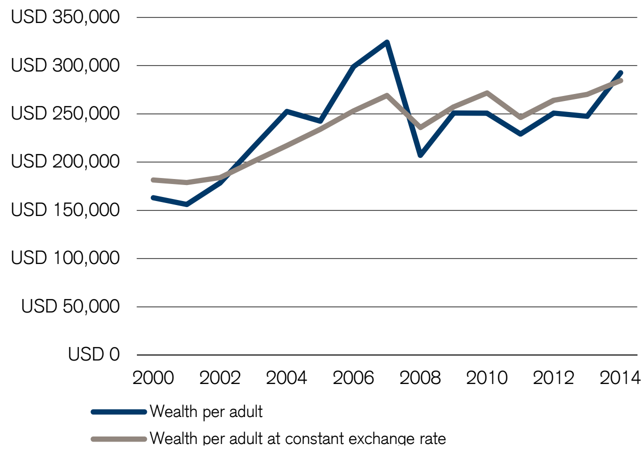


Figure 2

Composition of wealth per adult

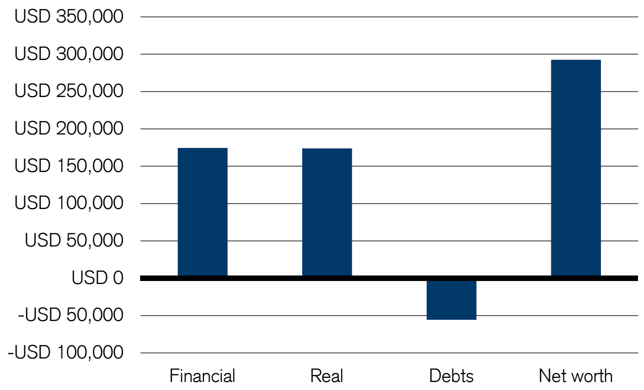
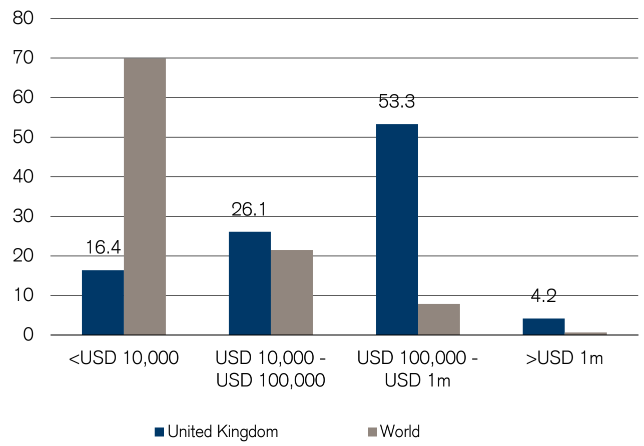


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Switzerland

View from the top

At the turn of the century, average wealth in Switzerland was among the highest in the world. It has since risen by a factor of more than two and a half to USD 581,000 per adult, putting Switzerland at the top of the global rankings, ahead of second placed Australia by a large margin. However, most of the rise between 2000 and 2014 was due to the appreciation of the Swiss franc against the US dollar. Measured instead in Swiss francs, household wealth fell in 2001 and 2002, and then rose gently but steadily, interrupted only by the financial crisis in 2007.

Given the strength of the Swiss financial sector, it is not surprising that most household wealth is held in financial assets, which account for 56% of total assets – similar to Japan and the USA (when adjustments are made for different definitions). Debts average USD 148,300 per adult, one of the highest levels in the world, again reflecting the strength of the domestic currency.

Among the group of ten countries with long time series on wealth distribution, Switzerland is alone in displaying no significant reduction in wealth inequality over the past century. This is one reason why Switzerland now has the highest level of wealth inequality amongst developed countries, and why a large proportion of the Swiss population is located in the upper echelons of the global distribution. Switzerland accounts for 1.7% of the top 1% of global wealth holders, remarkable for a country with just 0.1% of the world's population. More than half of Swiss adults have assets above USD 100,000 and 11% are USD millionaires. An estimated 1,700 individuals are in the UHNW bracket, with wealth over USD 50 million, and 700 have a net worth exceeding USD 100 million.

Country summary 2014		
Population	8	million
Adult population	6	million
GDP	99,725	USD per adult
Mean wealth	580,686	USD per adult
Median wealth	106,887	USD per adult
Total wealth	3.6	trillion USD
Dollar millionaires	663	thousand
Top 10% of global wealth holders	3,519	thousand
Top 1% of global wealth holders	806	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1

Wealth per adult over time

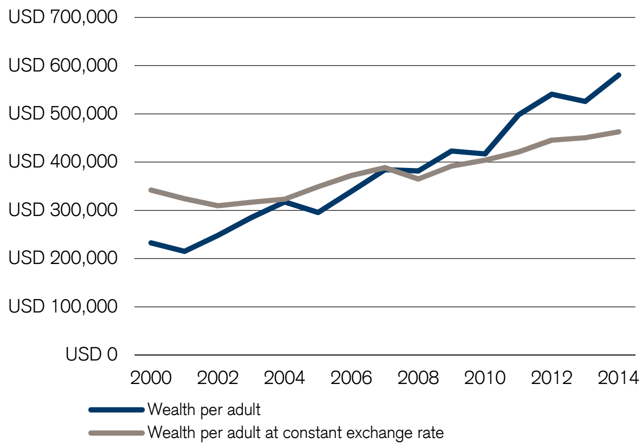


Figure 2

Composition of wealth per adult

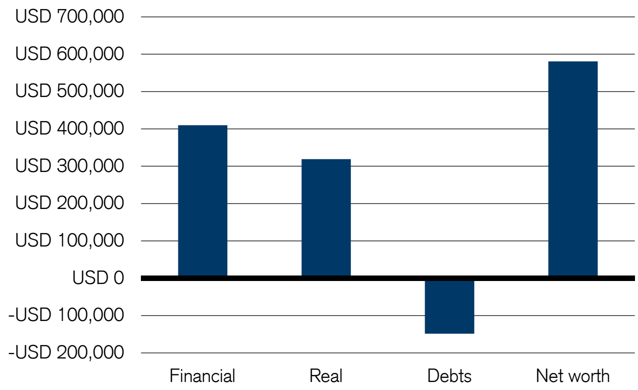
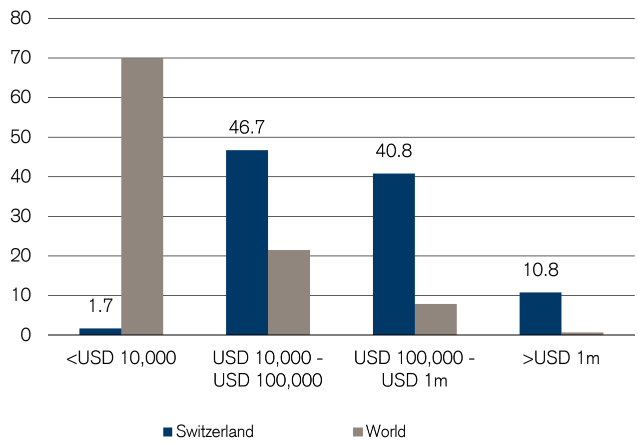


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Russia

Little sign of growth

Russia experienced very rapid growth in household wealth during the early years of the century, fuelled by a world hungry for its abundant natural resources. Between 2000 and 2007, wealth per adult rose eight-fold. Since 2007, however, growth has been slow and uneven – up 15% to date in ruble terms, but down 17% when measured in current USD, due to ruble depreciation which saw the USD-RUB rate rise from 25 in 2007 to 34 in mid-2014. Nevertheless, the rise in household wealth per adult from USD 2,920 in 2000 to USD 19,590 today represents significant progress over the period as a whole when compared to other countries at a similar stage of development.

The quality of wealth data for Russia is mixed. Financial balance sheets are now available and indicate that gross financial assets average USD 4,200. There is less information on real assets, but this year we have incorporated new evidence and report revised figures that indicate non-financial assets amounting to USD 18,100 per adult. Personal debt grew rapidly in the period 2000–2007, and more slowly after that. We estimate that it now accounts for a modest 12% of gross assets.

According to our calculations, the top decile of wealth holders owns 85% of all household wealth in Russia. This is significantly higher than any other major economic power: the corresponding figure is 75% for the USA, for example, and 64% for China. The very high level of wealth inequality in Russia is reflected in the fact that it has 158,000 millionaires and 200,000 individuals in the global top 1% of wealth holders. It is also well endowed with billionaires, of whom there are an estimated 111 who together own 19% of all household wealth.

Country summary 2014		
Population	139	million
Adult population	110	million
GDP	21,349	USD per adult
Mean wealth	19,586	USD per adult
Median wealth	2,360	USD per adult
Total wealth	2.2	trillion USD
Dollar millionaires	158	thousand
Top 10% of global wealth holders	2,223	thousand
Top 1% of global wealth holders	200	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

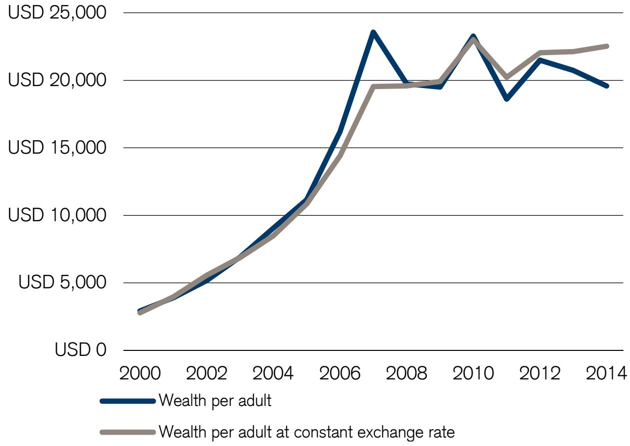


Figure 2
Composition of wealth per adult

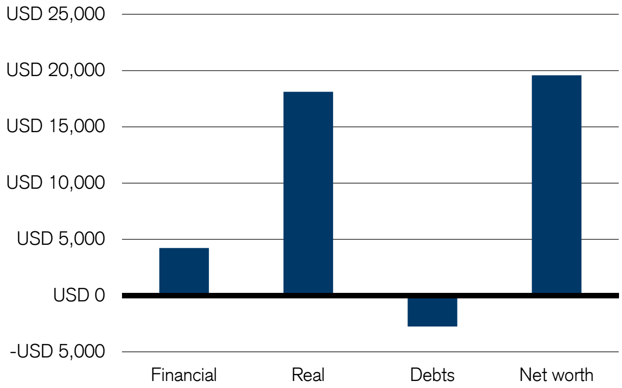
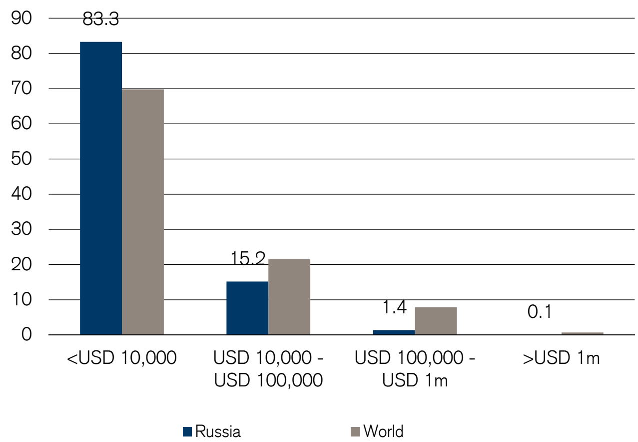


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Singapore

Robust and stable growth

Household wealth in Singapore has grown strongly in recent years, rising from USD 112,800 at the turn of the century to USD 289,900 by mid-2014. Most of the rise is due to the saving rate and asset price increases rather than exchange rate movements, although exchange rates provided a boost in each year after 2005, except for 2013. Singapore ranks twelfth in the world in terms of mean personal wealth. Interestingly, it is now well ahead of Hong Kong, which was ranked tenth in the world in 2000, just above Singapore. We note that wealth in Hong Kong grew at an average annual rate of only 2.4% between 2000 and 2014 versus 7.2% for Singapore. The underlying wealth data for Hong Kong are poor compared to those for Singapore, but the difference in these estimated growth rates is credible. A fairly similar difference is found in the growth rates of per capita gross domestic product (GDP): 2.6% per annum for Hong Kong versus 5.7% for Singapore.

Household assets in Singapore are divided roughly equally into financial assets and real assets. The average debt of USD 57,100 is moderate for a high wealth country, equating to just 16% of total assets. Singapore publishes official household balance sheet data, which means that the information is more reliable than that for other countries in East and Southeast Asia. The distribution of wealth in Singapore reveals only moderate inequality. Just 18% of its people have wealth below USD 10,000, versus 70% for the world as a whole, and the number with wealth above USD 100,000 is six times the global average. Reflecting its very high average wealth rather than high inequality, 6% of its population or 230,000 individuals are in the top 1% of global wealth holders, while its adult population accounts for just 0.1% of the world total.

Country summary 2014

Population	5	million
Adult population	4	million
GDP	65,423	USD per adult
Mean wealth	289,902	USD per adult
Median wealth	109,250	USD per adult
Total wealth	1.2	trillion USD
Dollar millionaires	167	thousand
Top 10% of global wealth holders	2,256	thousand
Top 1% of global wealth holders	230	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

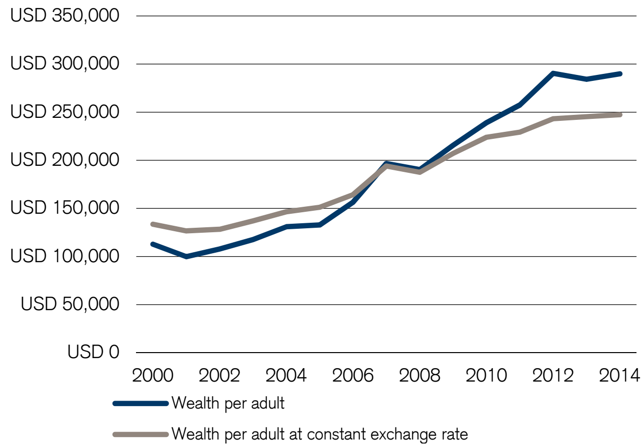


Figure 2
Composition of wealth per adult

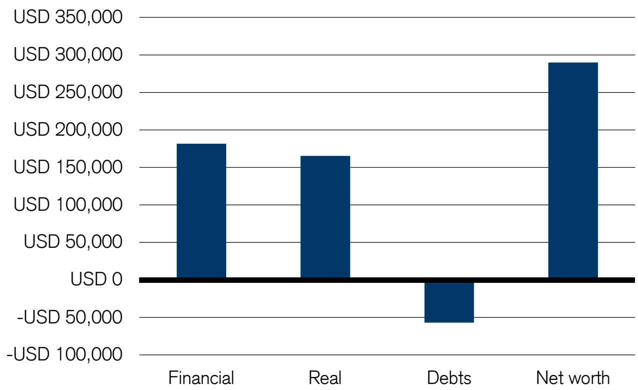
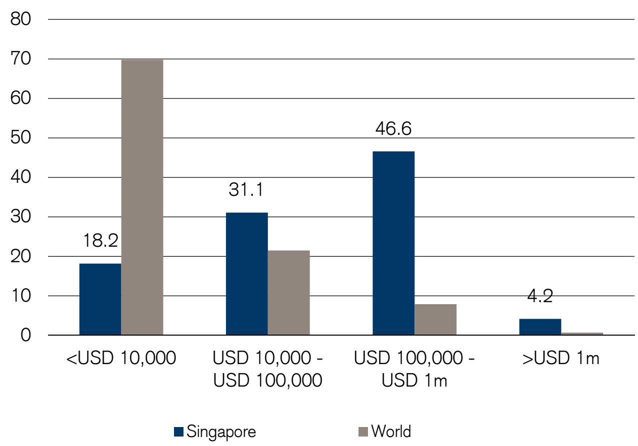


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Taiwan

Asian tiger

Taiwan is a good example of an Asian Tiger economy. Its average level of wealth, at USD 182,800, is well above that of even the most successful developing and transition countries, and comparable to the wealth levels found in many countries in Western Europe. Wealth per adult grew from USD 107,000 in the year 2000 to USD 171,400 in 2010, with no decline during the global financial crisis of 2007–2008. Currency depreciation caused a 9% drop in wealth in USD in 2011, but wealth rose a little in domestic currency and has since edged upwards again. Over the entire period 2000–2014, wealth per adult grew by 3.7% per annum using current USD and by 4.7% per year using constant exchange rates.

Reflecting a high saving rate and well-developed financial institutions, the composition of household wealth is skewed towards financial assets, which comprise 62% of total assets. Debt is modest, averaging 13% of gross assets.

Relative to the rest of the world, wealth distribution in Taiwan is skewed towards the high end, with only a fifth of the adult population having wealth below USD 10,000 compared to 70% in that bottom range for the world as a whole. Almost 40% of adults in Taiwan have wealth over USD 100,000 which is over four times greater than the worldwide average of 9%. The large number of Taiwanese with high wealth reflects high average wealth, rather than high wealth inequality: the Gini coefficient of 73% lies in the moderate range for wealth holdings, and is one of the lowest among emerging market economies.

Country summary 2014		
Population	23	million
Adult population	18	million
GDP	28,481	USD per adult
Mean wealth	182,756	USD per adult
Median wealth	65,375	USD per adult
Total wealth	3.4	trillion USD
Dollar millionaires	379	thousand
Top 10% of global wealth holders	8,609	thousand
Top 1% of global wealth holders	512	thousand
Quality of wealth data	☆☆☆☆	satisfactory

Figure 1
Wealth per adult over time

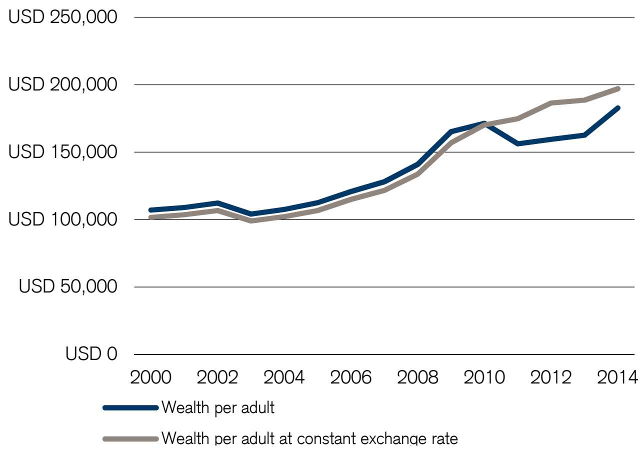


Figure 2
Composition of wealth per adult

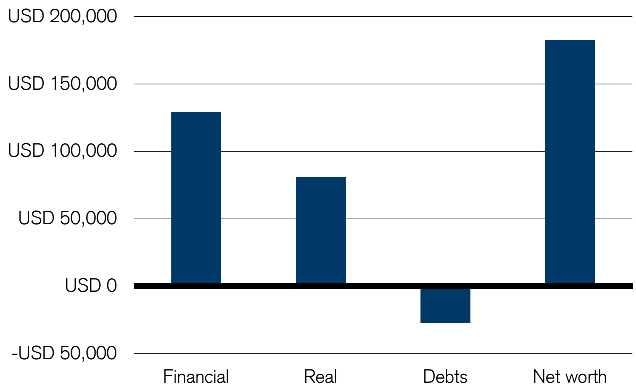
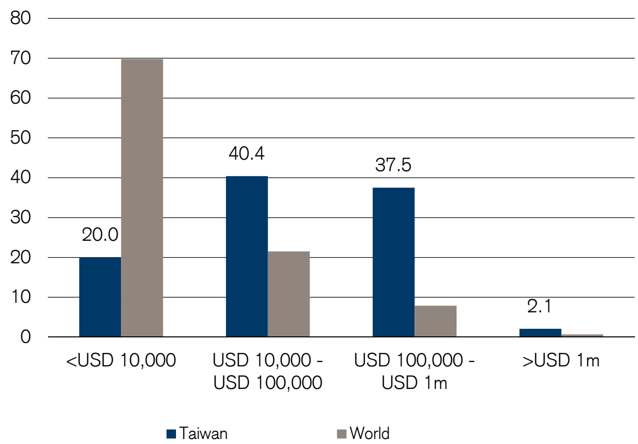


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Indonesia

Impressive growth

Personal wealth has risen very strongly in Indonesia, with average wealth increasing almost four-fold since the year 2000. The recovery from the Asian financial crisis of 1997–1998 was impressive. In USD terms, the global financial crisis of 2007-08 caused a small setback, but growth rebounded and wealth per adult is now well above the pre-crisis level in domestic currency and in USD, despite an exchange rate depreciation of 18% in the 12 months to mid-2014.

A comparison of Indonesia and India is interesting. In 2000, wealth per adult in both countries was fairly similar, with Indonesia just 23% ahead of India. However, the figure for Indonesia is now more than double that for India. This is in line with the faster pace of growth in Indonesia's GDP, which grew at an average annual rate of 12.7% between 2000 and 2014 compared with 9.3% for India. The composition of wealth appears to be similar, with real assets making up 85%–86% of gross assets in both countries, according to our estimates. Personal debt in the two countries is low, averaging just 6% of gross assets in India and 5% in Indonesia.

In Indonesia, 88% of the population has less than USD 10,000, which is greater than the global figure of 70%. At higher wealth levels, there are progressively fewer people than there are for the world as a whole. This reflects the fact that while wealth has risen strongly in Indonesia in recent years, it is still low by international standards. However, due to considerable dispersion in wealth distribution, 129,000 people in the country are in the top 1% of global wealth holders, and 98,000 are US dollar millionaires.

Country summary 2014

Population	241	million
Adult population	159	million
GDP	6,838	USD per adult
Mean wealth	9,742	USD per adult
Median wealth	1,800	USD per adult
Total wealth	1.6	trillion USD
Dollar millionaires	98	thousand
Top 10% of global wealth holders	2,034	thousand
Top 1% of global wealth holders	129	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

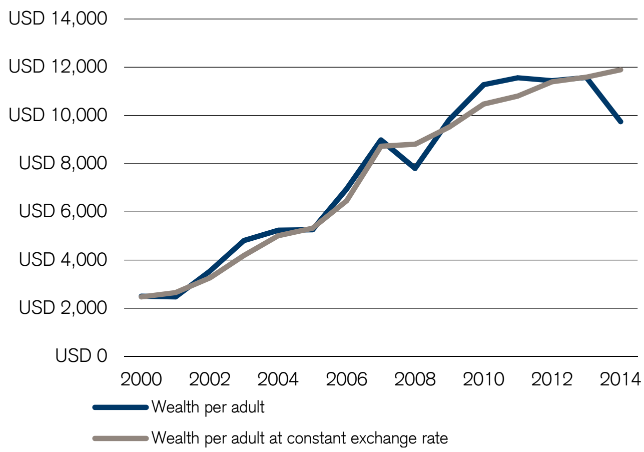


Figure 2
Composition of wealth per adult

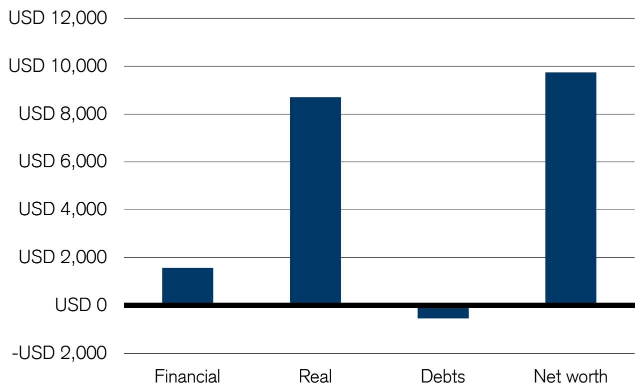
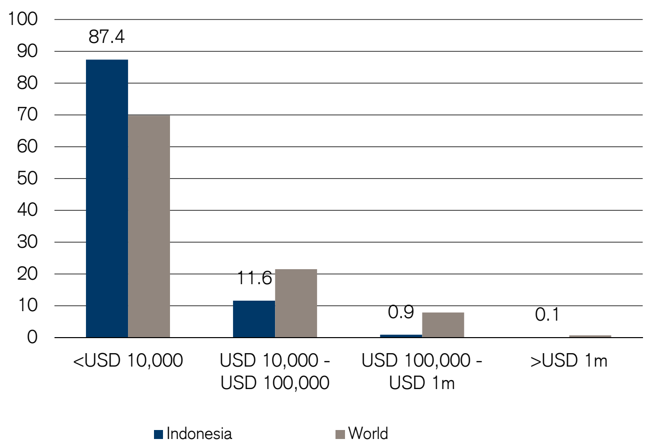


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Australia

No worries

Household wealth in Australia grew at a fast pace between 2000 and 2014 in US dollar terms, except for a short interruption in 2008. The average annual growth rate has been 11%, with about a third of the rise due to exchange rate appreciation. Using constant exchange rates, wealth has grown on average by 4.4% per annum since 2007, compared with a 9.2% rate over 2000–2007. Despite this recent slowdown, Australia's wealth per adult in 2014 is USD 430,800, the second highest in the world after Switzerland. Its median wealth of USD 225,400 is the highest in the world.

Interestingly, the composition of household wealth in Australia is heavily skewed towards real assets, which averaged USD 319,700 and form 60% of gross household assets. This average level of real assets is the second highest in the world after Norway. In part, it reflects a large endowment of land and natural resources relative to population, but it is also a result of high urban real estate prices.

Only 6% of Australians have net worth below USD 10,000, which can be compared to 29% in the USA and 70% for the world as a whole. Average debt amounts to 20% of gross assets. The proportion of those with wealth above USD 100,000 is the highest of any country – eight times the world average. With 1,783,000 people in the top 1% of global wealth holders, Australia accounts for 3.8% of this wealthy group, despite having just 0.4% of the world's adult population.

Country summary 2014

Population	22	million
Adult population	17	million
GDP	95,397	USD per adult
Mean wealth	430,777	USD per adult
Median wealth	225,337	USD per adult
Total wealth	7.2	trillion USD
Dollar millionaires	1,252	thousand
Top 10% of global wealth holders	12,650	thousand
Top 1% of global wealth holders	1,783	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

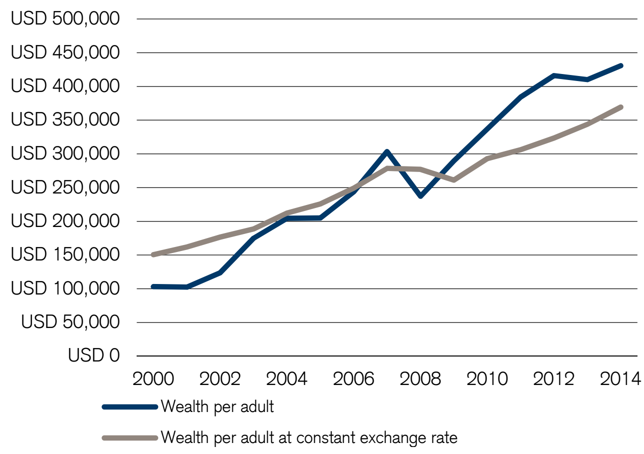


Figure 2
Composition of wealth per adult

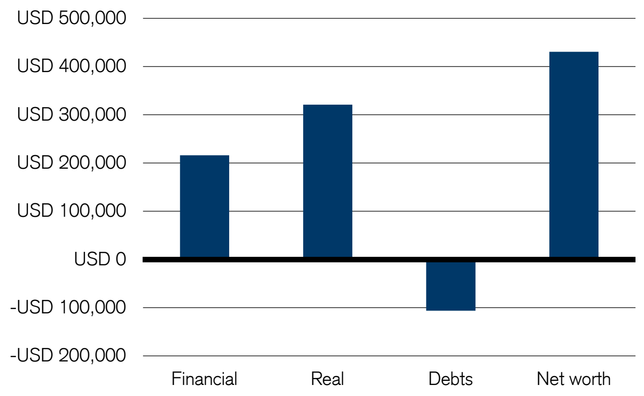
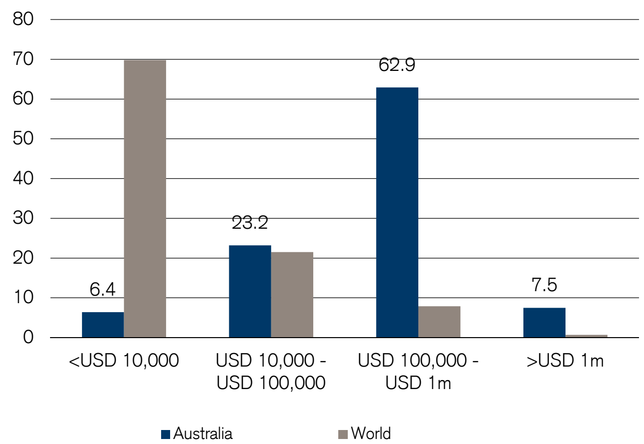


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

South Africa

Signs of growth

South Africa's average household wealth grew vigorously prior to the global financial crisis, tripling from USD 8,400 in the year 2000 to USD 25,800 in 2007. Growth was similar in constant exchange rate terms. Since 2007, progress has been slower. In constant exchange rate terms, wealth declined a little in 2008, but growth soon recovered and gathered pace in 2013–2014. Depreciation of the rand greatly amplified the wealth drop in 2008. This was reversed the following year, but more recent declines in the exchange rate mean that wealth per adult in USD terms has still not regained its 2007 level.

Household wealth is largely comprised of financial assets, which contribute 73% to the household portfolio. This reflects a vigorous stock market and strong life insurance and pension industries. Due in part to relatively low real estate prices, average real assets of USD 7,300 are not worth a lot more than the average debt (USD 5,000). South Africa is also unusual among emerging market countries in having an official household sector balance sheet, which provides a more reliable basis for the wealth composition numbers.

Like Brazil and Indonesia, South Africa has a distribution of wealth that is roughly similar to the distribution for the world as a whole, although fewer individuals have wealth above USD 100,000. Still, we estimate that 63,000 South Africans are members of the top 1% of global wealth holders and that 47,000 are USD millionaires. These numbers are up a little from last year, despite a 5% fall in the rand, reflecting strong overall growth in wealth.

Country summary 2014		
Population	51	million
Adult population	31	million
GDP	14,209	USD per adult
Mean wealth	22,073	USD per adult
Median wealth	4,007	USD per adult
Total wealth	0.7	trillion USD
Dollar millionaires	47	thousand
Top 10% of global wealth holders	1,280	thousand
Top 1% of global wealth holders	63	thousand
Quality of wealth data	☆☆☆	fair

Figure 1

Wealth per adult over time

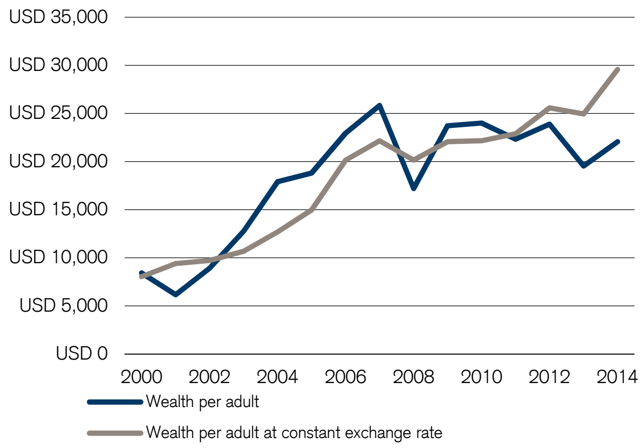


Figure 2

Composition of wealth per adult

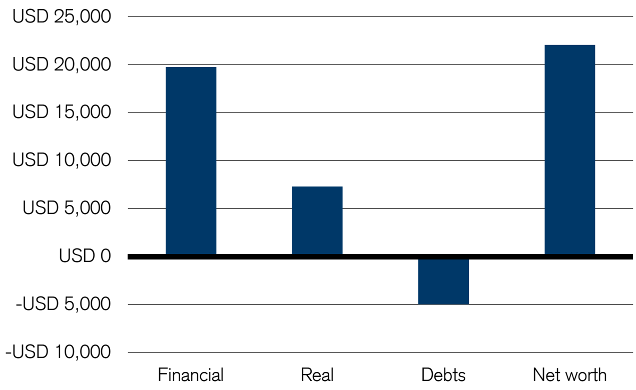
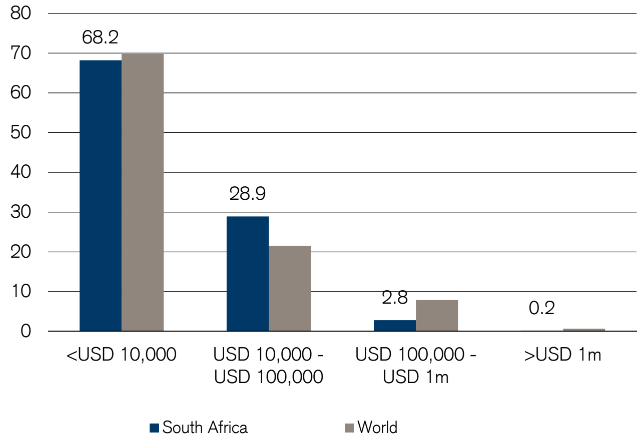


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Chile

Sustained growth

Chile has had one of the strongest economies in Latin America for some time. For example, compared with Argentina and Brazil, its GDP is growing faster and inflation is lower, although its stock market did less well in the year ending mid-2014. The contrast in household wealth is even greater. Chile's per capita GDP is 31% above Argentina's and 23% greater than Brazil's, but its average wealth is almost double that of Brazil and is over four times greater than Argentina's. Since the year 2000, wealth per capita has risen 159% based on constant exchange rates and 168% based on current exchange rates. We also note that, at constant exchange rates, wealth during the global financial crisis fell only slightly and has been on a steady upward path ever since.

Chilean household wealth is equally divided between financial and real assets. Holdings of financial assets have been encouraged by low inflation, well developed financial markets, and a pioneering pension system. The high home ownership rate of 70% is equal to that of the USA, and contributes to substantial holdings of real property. At 15% of gross assets, household liabilities are moderate by international standards.

Mean wealth in Chile at USD 46,700 is well above the world average, and is also high compared with most emerging market countries. Compared with the world as a whole, Chile has more people in the USD 10,000–100,000 range and fewer below USD 10,000 or above USD 1 million. Overall inequality is relatively high, as indicated by a Gini coefficient of 79% and by the fact that Chile has 48,000 millionaires and 64,000 adults in the top 1% of global wealth holders.

Country summary 2014		
Population	18	million
Adult population	13	million
GDP	23,644	USD per adult
Mean wealth	46,697	USD per adult
Median wealth	16,536	USD per adult
Total wealth	0.6	trillion USD
Dollar millionaires	48	thousand
Top 10% of global wealth holders	1,084	thousand
Top 1% of global wealth holders	64	thousand
Quality of wealth data	☆☆☆	fair

Figure 1

Wealth per adult over time

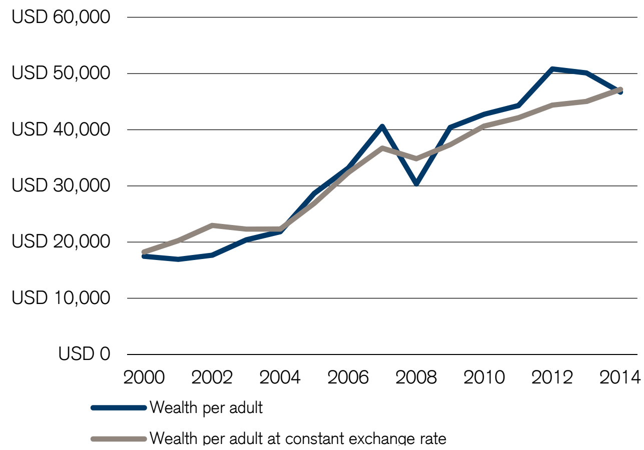


Figure 2

Composition of wealth per adult

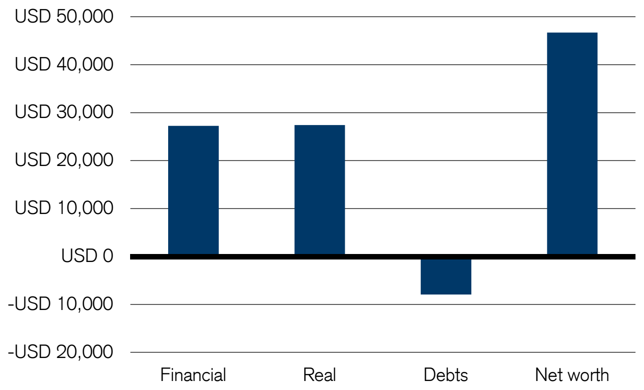
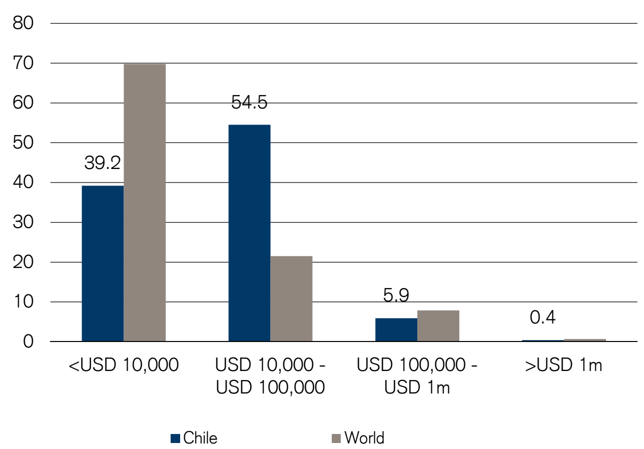


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Canada

Rising wealth

The global financial crisis had much less effect on the Canadian economy than that of the USA, thanks in large part to Canada's more conservative banking practices. The long-term rise in housing construction and prices was only briefly interrupted and, from 2008 to 2011, the market saw new construction and house price increases that were common in many countries prior to 2008. Rapid growth in mortgages fuelled a continuing rise in household debt. Mortgage terms were tightened, however, a few years ago, which appears to have had the desired effect as house price increases have moderated in the last three years. It may be that Canada's housing market has achieved the elusive soft landing.

Measured in USD, household wealth grew at an annual rate of 7.1% between 2000 and mid-2014. If exchange rate changes are excluded, the rise in wealth is more modest, with annual growth of 4.4%. However, over the last two years the Canadian dollar has declined somewhat relative to the USD, so that growth has been faster using the constant exchange rate measure.

At USD 274,500, wealth per adult in Canada is 21% lower than in the USA (USD 347,800). Canada is similar to the USA in that more than half of its household wealth is held in financial assets. But wealth is more equally distributed than in the USA, which accounts for the much higher median wealth of USD 98,800, compared with 53,400 for the USA. Relative to the USA, Canada has both a smaller percentage of people with less than USD 10,000 and a larger percentage with wealth above USD 100,000. It has 1,138,000 millionaires, and accounts for 3% of the top 1% of global wealth holders, despite having only 0.5% of the world's population.

Country summary 2014		
Population	35	million
Adult population	27	million
GDP	68,199	USD per adult
Mean wealth	274,543	USD per adult
Median wealth	98,756	USD per adult
Total wealth	7.5	trillion USD
Dollar millionaires	1,138	thousand
Top 10% of global wealth holders	14,948	thousand
Top 1% of global wealth holders	1,615	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

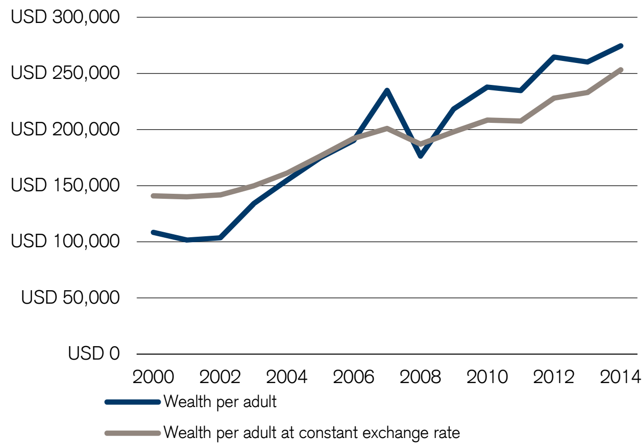


Figure 2
Composition of wealth per adult

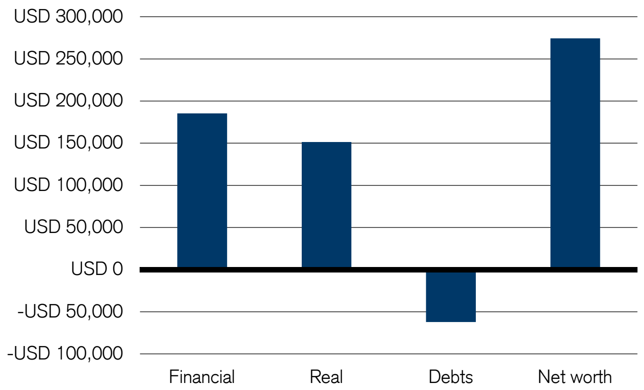
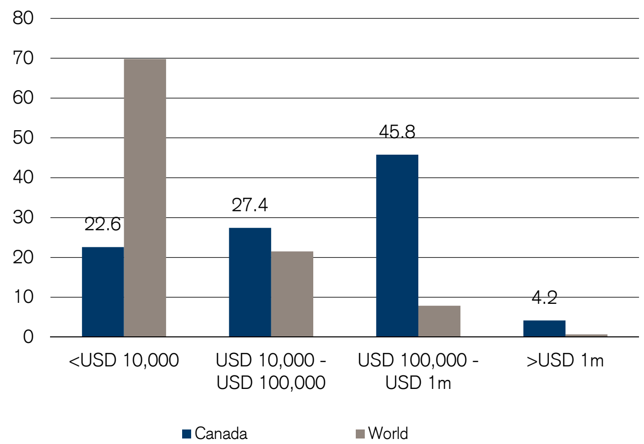


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

Brazil

Slumbering giant

Brazil's average household wealth tripled between 2000 and 2014, rising from USD 7,900 per adult to USD 23,400. While exchange rate changes caused fluctuations, including sizeable drops in 2008 and 2012, the overall rise over the last 14 years is very similar whether it is measured at current or constant exchange rates. Current wealth is now well above the level reached before the global financial crisis in 2007, based on either exchange rate calculation, having shown an average annual growth rate of 8.4%. However, growth has slowed in recent years and averaged just 1% in domestic currency from 2011 to 2014. In USD terms, wealth per adult has fallen by 14% since 2011.

Financial assets make up 37.4% of household gross wealth in mid-2014 according to our estimates, which reflects a fairly healthy financial sector and greater confidence on the part of investors than in earlier years when inflation ran very high. The 12 months to mid-2014 also saw a moderate rise in the stock market. Still, many Brazilians retain an attachment to real assets, particularly in the form of land, as a hedge against possible future inflation. Household liabilities are 19% of gross assets, again reflecting the operation of a well-developed financial sector.

Similar to a number of other Latin American countries, Brazil has more people in the USD 10,000–100,000 range relative to the rest of the world, but fewer numbers in each of the other ranges. This may give a misleading impression that inequality is lower than average. Actually, overall inequality is relatively high, as shown by the Gini coefficient value of 82% and by the fact that Brazil has 225,000 millionaires and 296,000 adults in the top 1% of global wealth holders. The relatively high level of inequality partly reflects high income inequality, which is in turn related to the uneven standard of education across the population and the lingering divide between the formal and informal sectors of the economy.

Country summary 2014		
Population	201	million
Adult population	136	million
GDP	19,212	USD per adult
Mean wealth	23,415	USD per adult
Median wealth	4,772	USD per adult
Total wealth	3.2	trillion USD
Dollar millionaires	225	thousand
Top 10% of global wealth holders	5,051	thousand
Top 1% of global wealth holders	296	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

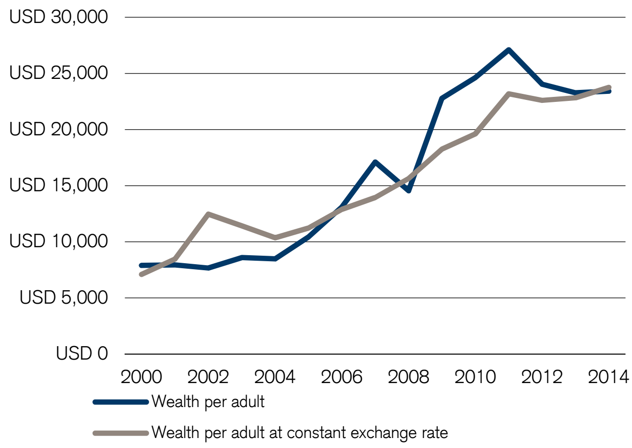


Figure 2
Composition of wealth per adult

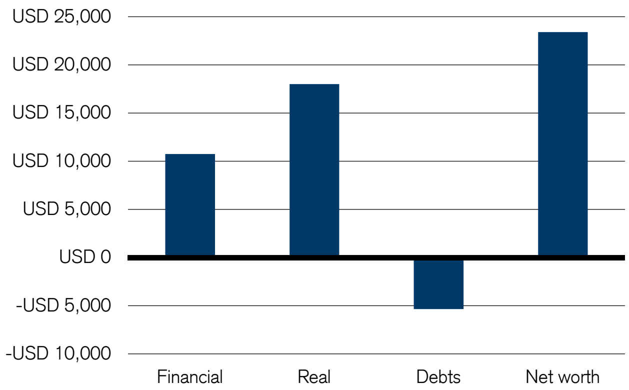
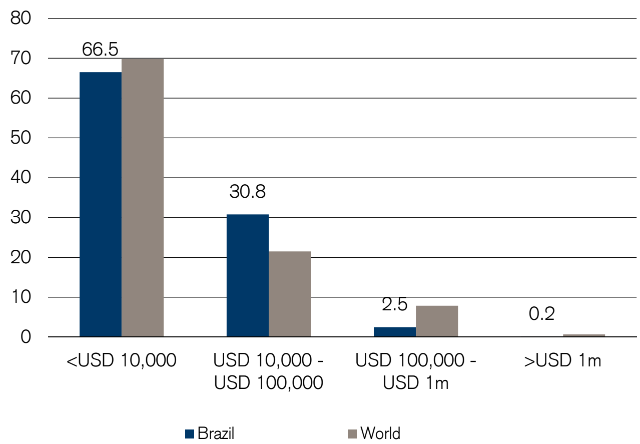


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014

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Anthony Shorrocks is Director of Global Economic Perspectives Ltd. After receiving his PhD from the London School of Economics (LSE), he taught at the LSE until 1983, when he became Professor of Economics at Essex University, serving also as Head of Department and Director of Economic Research for the British Household Panel Study. In 2001, he was appointed Director of the World Institute for Development Economics Research of the United Nations University (UNU-WIDER) in Helsinki, where he remained until 2009. He has published widely on income and wealth distribution, inequality, poverty and mobility, and was elected a Fellow of the Econometric Society in 1996. Publications include "The age-wealth relationship: A cross section and cohort analysis" (Review of Economics and Statistics1975), "The portfolio composition of asset holdings in the United Kingdom" (Economic Journal 1982), and, with Jim Davies and others, "Assessing the quantitative importance of inheritance in the distribution of wealth" (Oxford Economic Papers 1978), "The distribution of wealth" (Handbook of Income Distribution 2000), "The world distribution of household wealth" in Personal Wealth from a Global Perspective (Oxford University Press 2008), "The global pattern of household wealth" (Journal of International Development 2009) and "The Level and Distribution of Global Household Wealth" (Economic Journal 2011).

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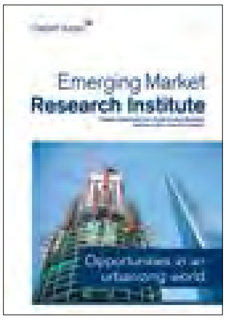

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