

The Measurement of the Household Finances in the IT-SILC

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The issue of the micro integration of data on household income, consumption and wealth is of critical importance to both official statistics producers and policy makers. Studies on households living conditions have traditionally focused on using either data on income or consumption expenditures. However the income or consumption single-handedly cannot fully explain the households material conditions. It is well known that low levels of income do not necessarily imply low levels of consumption as households could preserve consumption by adjusting savings or receiving cash support from relatives. Even though the consumption of goods and services is considered a key indicator of living standards, the actual and future household consumption possibilities are mainly determined by income and wealth. In this context, the availability of coherent and reliable data on the distribution of all the households economic resources could significantly improve the studies of the inequality and poverty.

The joint collection of the three dimensions of the economic well-being is up till now a major challenge for the National Statistical Institutes. The setting up of new surveys is not always feasible and the aim of containing the statistical burden on respondents is leading to the best use of existing surveys and to use more intensively the micro integration methodologies such as the statistical matching techniques. The current revision of the European Regulation of EU-SILC (European Union Statistics on Income and Living Conditions), in the context of the modernization of the social statistics framework, represents a good chance for enhancing the harmonization of the social surveys and for strengthening the collection of new variables. For this reason, ISTAT decided to test an ad hoc module on Consumption & Wealth, under an EU-Grant Agreement, in the IT-SILC 2017. On the other hand, ISTAT implemented a new collection strategy of the financial assets in the annual IT-SILC data, starting from 2016,

in order to improve the underestimation of the household capital income. For the first time in the year 2017 a module on food consumption and transport expenses and the value of the main and the secondary dwellings is carried out together with the annual IT-SILC survey. The experimental collection of the new variables, jointly with the already available IT-SILC data on housing costs and financial assets, could provide enough information to achieve reliable estimates of consumption expenditures and financial and real assets to be used for analytical purposes.

In this paper the strategy chosen for the introduction of the new variables in the current survey will be outlined as well as the choice to add some auxiliary variables, not included in the Eurostat module, with the aim to facilitate the micro integration of the IT-SILC with other social surveys. Moreover in this paper, the main results of the module and an assessment of the data quality through the comparison with external sources, such as the HBS (Household Budget Survey) for the consumption variables and the Bank of Italy Survey on Household Income and Wealth (SHIW) for the wealth variables, will be also presented.

Along with the introduction of new variables, ISTAT decided to modify also the financial data collection. In the last IT-SILC edition (2016), remarkable improvements on the collection strategy of financial assets has been introduced in order to reduce the response burden, preserving at the same time the quality of the data. The questionnaire has been deeply revised and a list of items directly asking the interest, dividends, profits from capital investment in an unincorporated business has been removed. The new collection technique basically consists in two steps, first the stock of financial assets has been surveyed, and afterwards interest rates has been applied to capital stocks in order to determine the cash flows earned on each of those assets. In this paper, the results of the new method of estimating the capital income showing the main advantages and drawbacks will be presented. Finally a focus on the criteria of error detection and correction and the improvement in the final estimates through the use of the longitudinal component of the IT-SILC survey will be highlighted.