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# Trends in Household Financial Assets with COVID-19 and Prospects for 2021

**Success with Nippon Individual Savings Accounts (NISA) helps households build long-term wealth**

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## Summary

- Japan's household financial assets have been in a moderate growth trend since bottoming out at the end of March 2020, and reached a record high of 1,901 tril yen at the end of September 2020, an increase of 2.7% on a year-to-year basis. Considering the outlook for listed stocks and liquid deposits, the total amount of household financial assets is likely to once again hit a record high at the end of December.
- As for investment trusts, there has been a noticeable inflow of funds into both "active" (North American type) and "passive" investments reflecting the strength of the U.S. stock market, where major stock indices have reached record highs, and the global stock market rally. Furthermore, with the global ESG and DX boom providing a tailwind, it is noteworthy that "active" (theme type) investments in ESG and DX are becoming increasingly popular.
- Currently, the investment performance of many "Tsumitate NISA" accounts have been positive, and long-term individual investors, including people in their 20s and 30s, seem to be experiencing success with this type of investment. It is hoped that this will lead to the further spread of long-term and diversified periodic investments, and encourage further developments in the long-term asset formation of households.
- With regard to individual households, an increasing number have been in a severe situation due to the sharp decline in income with the impact of the novel Coronavirus crisis, and such households seem to have cut back on consumption and even withdrawn their savings in many cases. In the future, government measures to support households, such as cash benefits, it will become increasingly important in making a targeted response to households in severe financial difficulties.

Attention

This report is a summary translation. The official document is only in Japanese.