28 December 2021 (No. of pages:1)
Japanese report: 12 Jan 2021

Strategies of Promoting "Savings to Asset Formation" from a Life Cycle Perspective

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Summary

- In this paper, we analyze the factors behind the holding of risk assets by households, focusing on differences between older, middle-aged, and younger age groups.

- First, the issues in asset formation that are distinctive to each age group can be summarized as: (1) the elderly, who are required to invest to prepare for the risk of a long life, and also need to pay attention to the decline in their cognitive functions; (2) the middle-aged, whose net financial assets have become positive, and who also hold inherited financial assets; and (3) the younger, who have an appetite for asset formation, and are comfortable with digital platforms and devices.

- Using anonymous individual data from the Japan Securities Dealers Association's National Survey of Securities Investment (Individual Survey), an analysis of factors behind the ownership of risk assets reveals that (1) for the older age group, the major factor is the image or reputation of the securities company, and the region in which they live, while (2) the factors influencing the younger and middle-aged groups were associated more with their financial education and tax incentives.

- The results of these analyses suggest the necessity of implementing measures based on the characteristics of each age group in promoting asset formation.

- Specifically, for the older age group, it will be necessary to thoroughly implement customer-oriented business operations utilizing knowledge of financial gerontology.

- In addition, it is desirable for the public and private sectors to create opportunities for the younger and middle-aged groups to become more familiar with tax incentives and to learn about securities investment.

Attention
This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.41).