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European savings: why they matter, how they're changing and what more can be done

How Europeans save matters not only for their own finances but also for the broader economy. More investment means more household wealth and more capital to support growth. Our analysis shows substantial untapped potential: 30% of Europeans with savings say they'd consider investing. The shift is already underway and policymakers can help to speed it up



Executive summary

Europeans are often perceived as super-savers. But this has only become true in recent years. Our analysis shows that household financial savings (the share of income set aside for financial assets or reducing debt) stand at around [6% of income](#), roughly two percentage points more than before the pandemic. That shift has real economic consequences. Had households saved less, demand for goods and services across Europe could have been significantly stronger.

Americans, who have benefited strongly from positive wealth effects, have reduced their financial savings relative to historical norms, which has supported demand

for US goods and services. While this doesn't fully explain the recent growth gap between the US and Europe, positive household wealth effects have clearly been an important source of demand in the US economy.

The bigger issue, however, is not how much Europeans are saving but how they are putting their savings to work. European households have missed out on significant investment returns over the past two decades. We calculated how much additional wealth could have been generated if households had allocated just a quarter of the money placed in deposits to investments instead. To do so, we compared the actual returns Europeans made on investment funds, listed equities and deposits between 2002 and 2025.

Our estimates suggest that household wealth could have been €1.17 trillion higher, equivalent to 7% of eurozone GDP, over the period if just a quarter of deposit inflows had been directed to investment funds, and as much as €2.79tr higher, or about 18% of GDP, if the money had been invested in listed equities instead.

And there's more. Household savings also matter for what economists call the 'supply side'. In Europe, people put their money in the bank. Banks, in turn, use those deposits to finance businesses, but must do so in a way that ensures they can repay their depositors. This model works well for lower-risk activities but is less suited to financing high-risk, high-growth business models.

An ample supply of risk-bearing capital is especially important for high-growth sectors, such as technology, which have the potential to boost economic growth in Europe. European households stand in stark contrast to their US counterparts, where liquid investments in overall balance sheets are five times as much as deposits, while in Europe investments amount to about half as much. This is one of the drivers behind Europe's slower [productivity growth](#).

So it comes as no surprise that European policymakers are [actively seeking to encourage](#) households to invest more.

Given this ambition, we explored why Europeans remain hesitant to invest. In our new survey, respondents mostly cite risk aversion and a lack of knowledge as the main barriers. Many (42%) see the market as a "casino" – a place where outcomes are random and the house always wins. For 35%, a lack of knowledge is a key reason not to invest.

It is tempting to see Europeans as culturally more risk-averse than elsewhere based on these survey outcomes. Yet we see that as an overly simplified view.

Firstly, we must acknowledge that 20% of Europeans don't even have savings to invest in the first place. That's also related to the pay-as-you-go pension systems and social

security, which reduce disposable income.

Secondly, experience shows that Europeans do invest when the right incentives are in place. Automatic enrolment and generous tax incentives have successfully turned millions into investors. Dutch and Danish pension systems are proof of that. Meanwhile, Swedish households have significantly altered their investment behaviour as incentives have changed.

In terms of attitudes, we find there is considerable upside potential among those who do have savings: 50% say they are investing and 30% would consider doing so. Among European depositors, investing is very much an option. The attitudes of younger generations are remarkably different from older generations. A significant share has already started to invest, and a much larger share would consider doing so in the future. Only one in five Europeans below 34 would never see it as an option.

The European preference to reduce risk and the limited amount of financial expertise can be tackled together. Retail investors need only to understand a few key principles: invest for the long term, diversify broadly, and keep costs low by avoiding frequent trading. This makes investing simpler and financially more rewarding.

In addition, European countries can change their national institutions to encourage more people to invest. Germany is leading the way here, with significant changes coming in 2027.

And while Europe has been busy making plans, behaviour has already begun to change. An increasing share of financial savings, 37% since 2025 (versus 24% over 2015-2024) is going into investment funds (which includes ETFs). Since 2025, Europeans have put more of their financial savings into stocks, bonds and funds than they added to deposits. Helped by valuation effects, the share of investments in liquid assets in their balance sheets has been going up, while deposits have fallen to 62% from 67% in 2019.

Europe has set itself an ambition: to turn European deposits into investments. The encouraging news is that there is a policy toolkit, an interested pool of potential investors, and recent market trends already point in the desired direction. The transition is already underway.

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