



Who has been hit by the covid-19 pandemic in CESEE?

Thomas Scheiber, Melanie Koch
Foreign Research Division, OeNB
BoA SEE Economic Research Workshop, December 7, 2021

The views expressed are those of the author and do not necessarily reflect the views of the Oesterreichische Nationalbank or the Eurosystem.
<https://www.oenb.at/en/Monetary-Policy/Surveys/OeNB-Euro-Survey.html>

1



Overview - a first glimpse

Who has been hit by the covid-19 pandemic in CESEE?

How severely?

How about differences between (and within) countries?

Future research:

Do individuals that have been affected more severely by the crisis tend to have more pessimistic economic sentiments with respect to

- (1) the prospective financial situation of their household
- (2) the economic prospects of their country over the next 5 years

2

2



Covid-19 pandemic an unprecedented crisis in many respects

→ **Economic impact, policy support, medical research, ... but also micro data**

Single countries consumer surveys

- Bernard, R. et al. 2020. How are households' consumption plans affected by the COVID-19 pandemic? Bundesbank research brief 35.
- Franklin, J. et al. 2021. Household debt and Covid. BoE Quarterly Bulletin Q2/21.

ECB Consumer expectations survey

- Christelis, D. et al. 2020. The Covid-19 Crisis and Consumption: Survey evidence from six EU countries. ECB Working paper 2507.
- Alvargonzález, P. et al. 2021. Analysis of Labor Flows and Consumption During Covid-19. Banco d'España. mimeo.
- Basselier, R. et al. 2021. Household saving during the Covid-19 crisis – Lessons from surveys. National Bank of Belgium. Mimeo.

3

3



... impact felt very uneven between and particularly within countries

Survey evidence cross-country comparison

- Adams-Prassl, A. et al. 2020. Inequality in the Impact of the Coronavirus Shock: Evidence from Real Time Surveys. IZA Discussion paper 13183. (for US, UK and DE)
- Bundervoet, T. et al. 2020. The Short-Term Impacts of COVID-19 on Households in Developing Countries. An Overview Based on a Harmonized Data Set of High-Frequency Surveys. World Bank Policy research working paper 9582

Register data

- Alstadsaeter, A. et al. 2020. The first weeks of the Coronavirus crisis: Who got hit, when and why? Evidence from Norway. NBER working paper 27131.

4

4

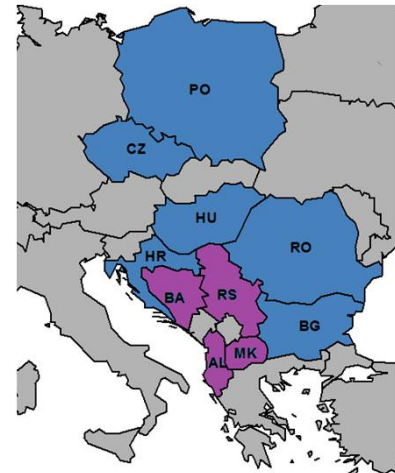


Data – The OeNB Euro Survey

- Survey of individuals in CESEE
 - 6 EU Member States: Bulgaria, Czechia, Croatia, Hungary, Poland, Romania
 - 4 Non-EU Member States: Albania, Bosnia and Herzegovina, North Macedonia, Serbia
- Since 2007 (semi-) annually
- 1,000 randomly selected respondents per country/wave
- Samples are representative with respect to age, gender and regional distribution.
- Unique information about (euro) cash holdings, saving behavior and debt; respondents' economic opinions, expectations and experiences.

Further details on technical issues

- <https://www.oenb.at/en/Monetary-Policy/Surveys/OeNB-Euro-Survey/Technical-Details.html>



5

5



OeNB Euro Survey 2020 and 2021 include special modules on Covid-19

- Riedl, A. 2021. Are CESEE borrowers at risk? COVID-19 implications in a stress test analysis. FEEI Q1/21
- Allinger, K. and E. Beckmann. 2021. Use of loan moratoria by CESEE households: who are the users and how vulnerable are they? FEEI Q3/21
- Koch, M. and T. Scheiber. 2022. Household savings in CESEE – expectations, experiences, and common predictors. FEEI Q1/22. (Situation prior to the Covid-19 pandemic)
- Corti, M. and T. Scheiber. 2014. How did CESEE households weather the crisis? Evidence from the OeNB Euro Survey. FEEI Q2/14

6

6



Survey question in fall 2020 (and 2013)

[ASK ALL] If you think about your economic and financial situation, since the outbreak of the Corona crisis have you been affected in any of the following ways? Please name all that apply

- 1 I had to reduce amount spent on everyday expenses
- 2 I had to reduce or postpone larger expenditures
- 3 I had to reduce money set aside for savings
- 4 I had to utilize savings or sold possessions
- 5 I had to reduce help to friends or relatives whom I helped before
- 6 I had to delay payment of loan installments
- 7 I had to delay payment of rent
- 8 I had to delay payment of other bills

- 9 I had to take out a loan from a bank
- 10 I had to over-draft bank account
- 11 I received financial help from family or friends
- 12 I had to borrow money from another source

- 13 I received social benefits or other financial aid from the state
- 14 I had to decrease work hours and received a reduced salary
- 15 I was laid off from a job / lost a job

- 16 I was forced to move

For each item:

Yes / No / Don't know / No answer

7

7

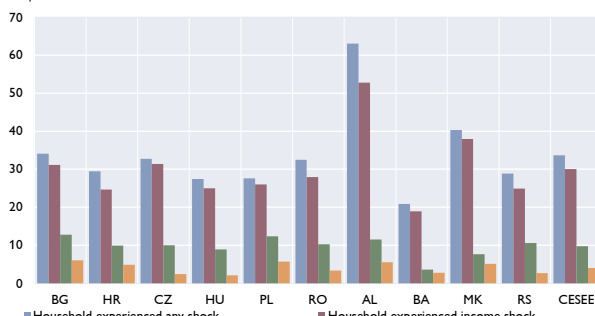


What kind of shock?!

Unexpected significant reduction in income... Household vs. individual level?

Self-reported shocks over the last 12 months

% of individuals

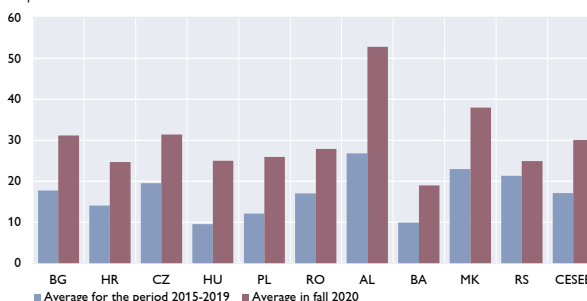


Source: OeNB Euro Survey 2020.

Note: Results are weighted; using weights that are calibrated on census population statistics for age, gender, region, and, where available, on education and ethnicity (separately for each country). CESEE average not adjusted for population size. Excluding respondents answering "Don't know" or who refused to answer.

Frequency of income shocks: comparing fall 2020 with the periode 2015-2019.

% of individuals



Source: OeNB Euro Survey 2020.

Note: Results are weighted; using weights that are calibrated on census population statistics for age, gender, region, and, where available, on education and ethnicity (separately for each country). CESEE average not adjusted for population size. Excluding respondents answering "Don't know" or who refused to answer.

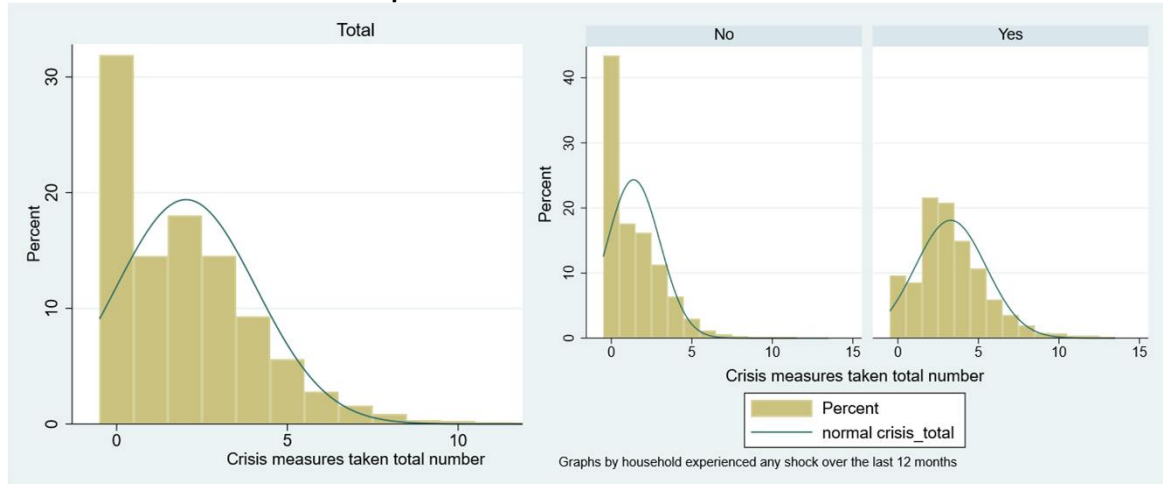
8

8



Extent of covid-19 pandemic impact on individuals – w/o any shock

Number of actions taken as a response to covid-19



9

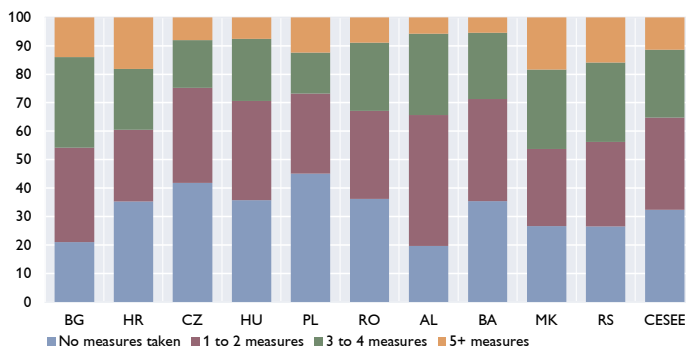
9



Who has been hit in 2020 by country – all respondents

How many actions have individuals taken in response to the pandemic crisis?

% of individuals



Source: OeNB Euro Survey 2020.

Note: Results are weighted; using weights that are calibrated on census population statistics for age, gender, region, and, where available, on education and ethnicity (separately for each country). CESEE average not adjusted for population size. Excluding respondents answering "Don't know" or who refused to answer.

10

10



Number of actions taken across countries

How many actions have individuals taken in response to the pandemic crisis?

Average number of actions



Source: OeNB Euro Survey 2020.

Note: Results are weighted; using weights that are calibrated on census population statistics for age, gender, region, and, where available, on education and ethnicity (separately for each country). CESEE average not adjusted for population size. Excluding respondents answering "Don't know" or who refused to answer.

Do countries differ?!

Highly significant t-tests

All individuals...

Group mean (BG, HR, MK, RS) > (other countries)

Only affected individuals...

Group mean (BG, HR, **PL**, MK, RS) > (other countries)

11

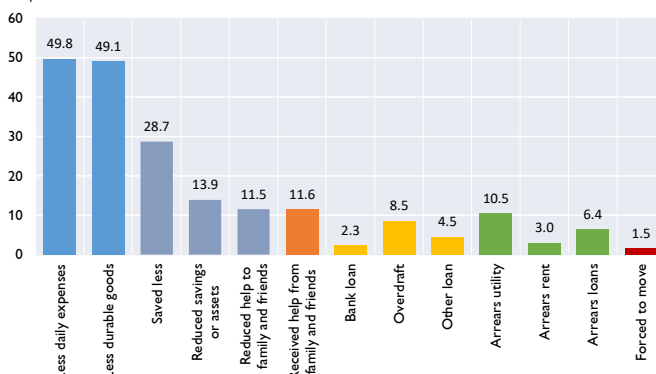
11



Reducing expenses > saving less > selling assets > reducing + receiving help ...

What crisis actions have been taken in CESEE?

% of individuals



Source: OeNB Euro Survey 2020.

Note: Results are weighted; using weights that are calibrated on census population statistics for age, gender, region, and, where available, on education and ethnicity (separately for each country). CESEE average not adjusted for population size. Excluding respondents answering "Don't know" or who refused to answer.

The role of precautionary savings

- Monetary statistics 2020: robust growth of Household savings in CESEE
- Caveat: We have not surveyed, whether respondents saved more (!)
- Stylized facts: Many respondents report no savings at all. Moreover some still prefer to save in cash. (Koch and Scheiber 2022)
- Initial response similar to the results of fall 2013 (Corti and Scheiber 2014)

12

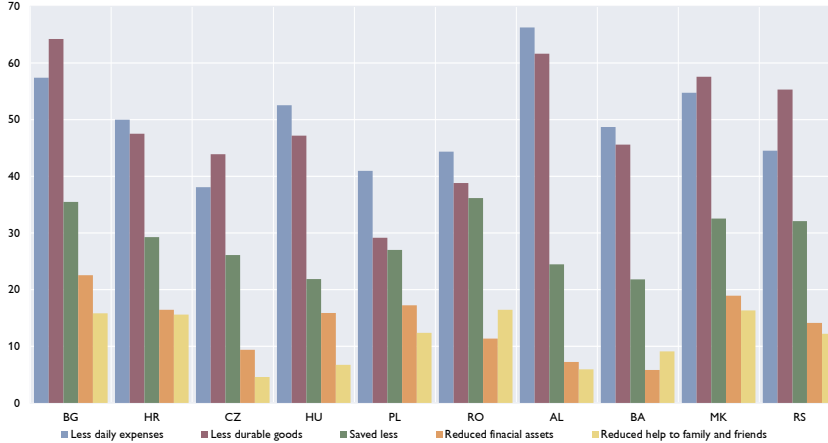
12



Substantial heterogeneity in the use of C and S across countries to buffer the shock

Crisis response: Reducing expenditures and using financial assets

% of individuals



Source: OeNB Euro Survey 2020.

Note: Results are weighted, excluding respondents answering "Don't know" or who refused to answer.

13

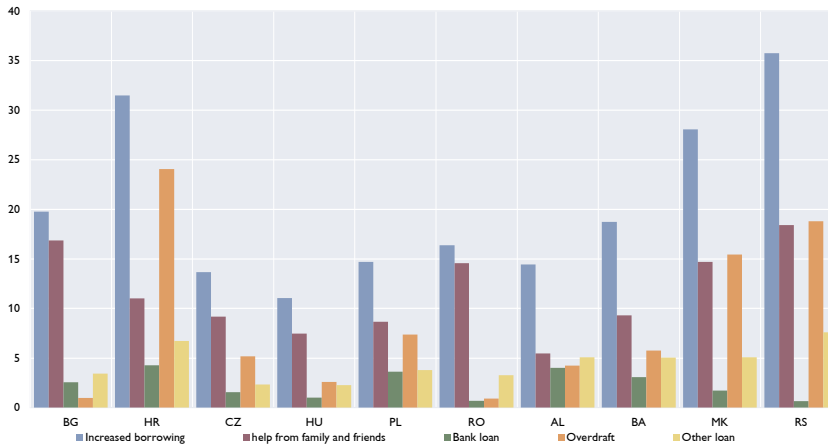
13



Crisis related borrowing – family finance matters

Crisis response: Increasing borrowing

% of individuals



Source: OeNB Euro Survey 2020.

Note: Results are weighted, excluding respondents answering "Don't know" or who refused to answer.

14

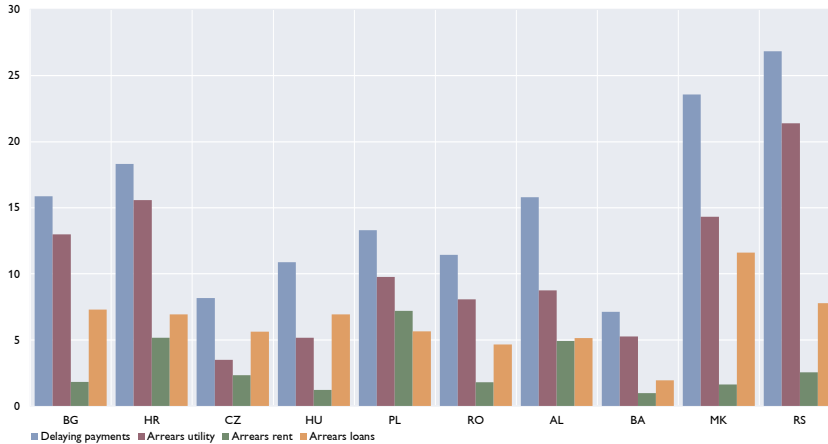
14



Deferral of payments as a short-term measure for credit-constrained?

Crisis response: delaying payments and installments

% of individuals



Source: OeNB Euro Survey 2020.

Note: Results are weighted; excluding respondents answering "Don't know" or who refused to answer.

15

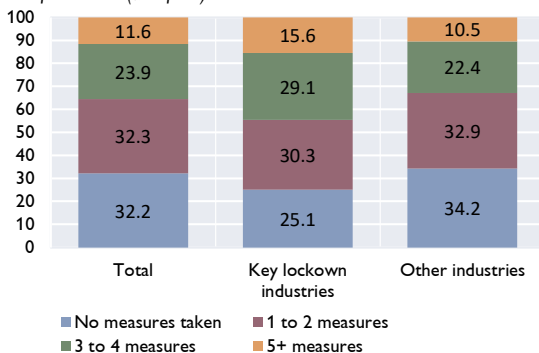
15



Individuals who work in key lockdown industries affected stronger

Covid-19 impact by industry class

% of individuals (workforce)



Source: OeNB Euro Survey 2020.

Note: Results are weighted; excluding respondents answering "Don't know" or who refused to answer.

Lockdown industries defined as:

- 5 Transportation
- 6 Trade
- 7 Tourism, restaurants
- 8 Art, entertainment, recreation
- 9 personal services

Sample includes all respondents except (students, retired, maternity leave)

22% of individuals work in key lockdown ind.

t-test: Difference in the number of actions between the two groups is significant at 1%.

16

16



Socioeconomic factors associated with the number of actions taken

Ordinal dependent variable:

Number of actions taken (0 / 1-2 / 3-4 / 5+ actions)

	I	II		I	II
Below 25 years	-0.238**	-0.237**	1 Person household	0.088	0.089
25-34 years	-0.103	-0.105	3+ Person household	0.092	0.098
45-54 years	0.012	0.013	Children (0/1)	0.097*	0.093
55-64 years	-0.034	-0.039	Has secondary residence or other real estate	-0.111*	-0.113*
65-74 years	-0.231*	-0.238*	Building condition excellent	-0.342***	-0.345***
75+ years	-0.203	-0.213	Building condition good	-0.171**	-0.172**
Male (0/1)	-0.03	-0.027	Debt payday, pawnshop, internet loan	0.840***	0.824***
Income: refused to report	-0.315***	-0.310***	Debt bank loan or overdraft	0.756***	0.759***
Income low	0.016	0.017	Owe money to family	1.144***	1.145***
Income high	-0.235***	-0.233***	Has savings	0.169***	0.074
Income in EUR or remittances	0.079	0.077	Savings DKNA	0.063	0.051
Unemployed	0.075	0.078	Household experienced any shock last 12m	1.699***	1.582***
Retired	0.252***	0.257***	Interaction: savings # any shock	No	0.277***
Student	-0.021	-0.032	Country fixed-effects	Yes	Yes
Self-Employed	-0.011	-0.022	Log-Likelihood	-11221.3	-11215.7
			Pseudo-R2	0.12	0.12
			Prob>Chi2	1806.23	1804.78
			Number of observations	9705	9705

Source: OeNB Euro Survey 2020.

Note: Coefficients of ordered Logit regression with country FE and clustered standard errors at PSU level.

17

17



Instead of a summary ... an invitation to use OeNB Euro Survey

Access to all publications

<https://www.oenb.at/en/Monetary-Policy/Surveys/OeNB-Euro-Survey/Publications.html>

Access to the OeNB Euro Survey data

<https://www.oenb.at/en/Monetary-Policy/Surveys/OeNB-Euro-Survey/data-sharing.html>



18

18

Thank you for your attention

www.oenb.at

oenb.info@oenb.at

@OeNB

OeNB

<https://www.oenb.at/en/Monetary-Policy/Surveys/OeNB-Euro-Survey.html>

19



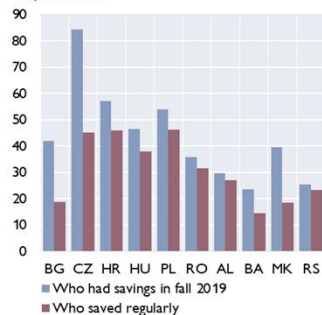
€NB

Koch and Scheiber. 2022: Individual savings prior to the Covid-19 pandemic

Savings stock and savings flows

Share of those having savings and being able to save regularly

% of individuals



Average amount saved by those who regularly save

In EUR per month (PPP-adjusted)



Source: OeNB Euro Survey 2019.

Note: Weighted averages excluding respondents reporting "don't know" or who refused to answer. Weights are calibrated on census populations statistics for age, gender and region, and where available, on education and ethnicity (separately for each country). Reported amounts suffer from rather high incidence of item non-response (on average 18%), which might imply an underestimation in particular for EU member states.

20

20