

Fund savings in Sweden and Europe

- a comparative study of fund savings and household savings in Sweden and the rest of Europe

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Introduction

More and more of what affects us in Sweden is decided at EU level, and this also applies to the savings market. In recent years, the EU has taken several initiatives to transform the European capital market. The Capital Markets Union (CMU) was launched ten years ago and in recent years the Retail Investment Strategy¹ (RIS) has been developed, which aims to make it easier for consumers to make investment decisions that suit them and encourage them to participate in the European capital market. Recently, the Savings and Investments Union² (SIU) has also been launched, which aims to develop a strategy to support household wealth creation by increasing the return on savings of EU citizens and for European companies to gain access to capital.

Sweden as a role model?

A common theme of the above initiatives is to secure capital for European companies, and at the same time make it easier for households to invest in these companies. It is highlighted that households have too little of their savings invested in the capital market and far too much on bank accounts. But what do the savings markets look like in the EU, is it the same in all countries? In this report, we look at fund savings (and other financial savings) in Sweden compared to Europe. We compare with Europe as a whole and with individual countries. What separates us and where are the similarities? Can Sweden be a role model when it comes to savings?

¹ https://finance.ec.europa.eu/publications/retail-investment-strategy_en

² https://finance.ec.europa.eu/news/commission-seeks-feedback-savings-and-investments-union-2025-02-03_en

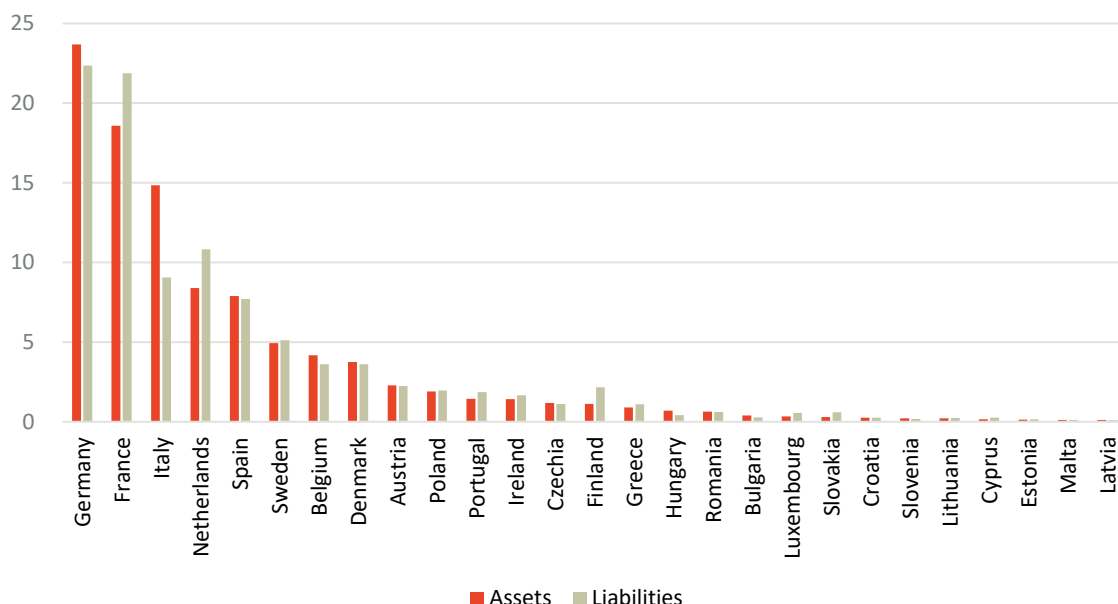
Households' financial savings in Sweden and Europe

Households' financial assets and liabilities in Sweden and Europe

Households' financial assets in the EU amounted to SEK 413,181 billion at the end of 2023, while liabilities totalled SEK 107,298 billion. Thus, households' assets were 3.85 times higher than liabilities. For Swedish households, the corresponding figure was 3.72, i.e. just below the EU as a whole.

Looking at individual countries, it can be stated that, as expected, the large economies dominate household assets and liabilities. German households' assets make up 24 percent of the EU total, followed by France with 19 percent and Italy with 15 percent, while Swedish households' assets make up 4.9 percent, which means 6th place in the EU. Sweden's debt accounts for 5.1 percent of total EU debt, which also means 6th place in the EU.

Figure 1: Households' financial assets and liabilities, share of EU (%).

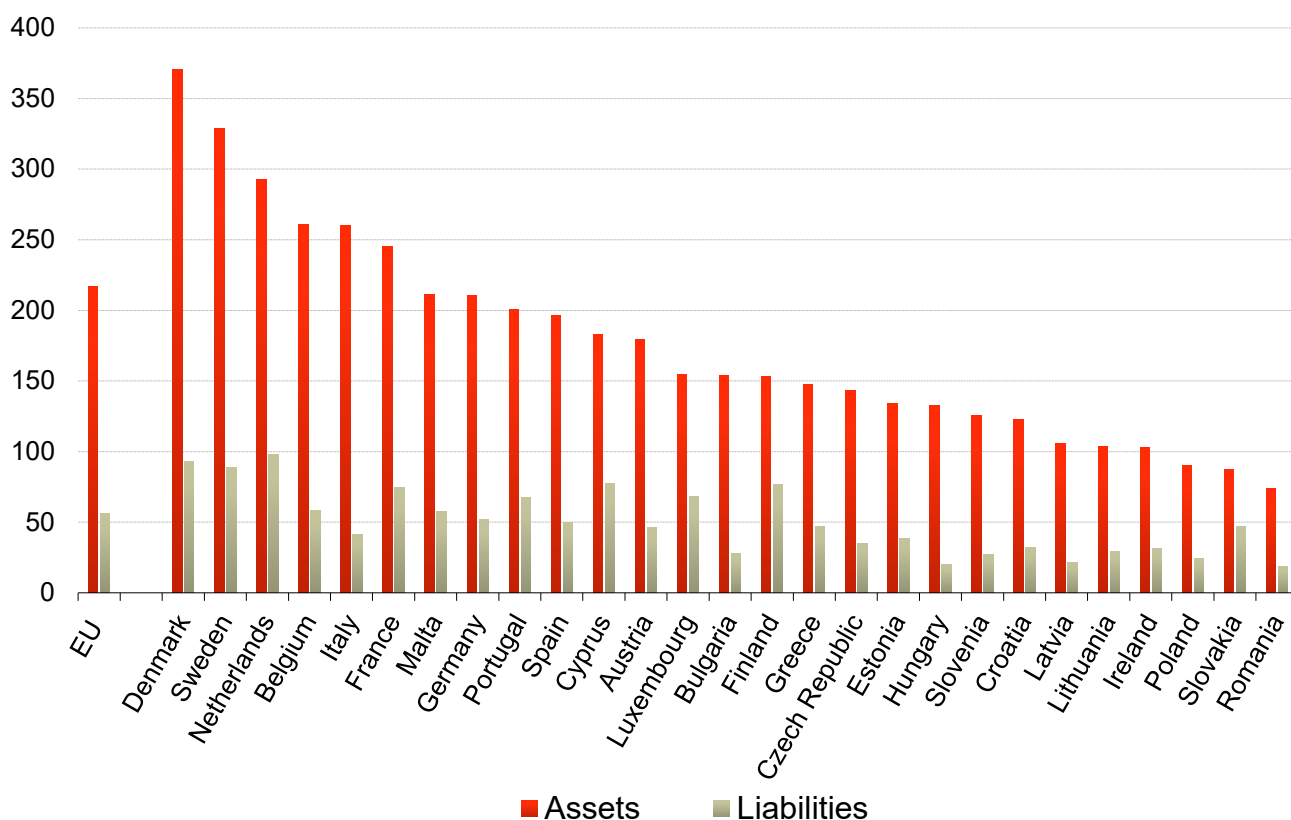


Source: Eurostat Financial accounts 2023

If the assets are put in relation to the countries' GDP, the assets of Swedish households amount to 329 percent, the second highest in the EU after Denmark. For the EU as a whole, households' financial assets account for 217 percent of GDP. In terms of household debt, Swedish household debt amounts to 88.5 per cent of GDP, which is the 3rd highest in the EU after Denmark and the Netherlands. In a comparison of the countries' net assets in relation to GDP, Sweden comes in second place in the EU with 241 percent.

There are several explanations for Sweden's prominent position. The main ones are probably that Sweden is a relatively wealthy country with a pension system that, both in terms of the state pension and the occupational pension, contains significant parts that are funded.

Figure 2: Households' financial assets and liabilities, share of GDP (%)

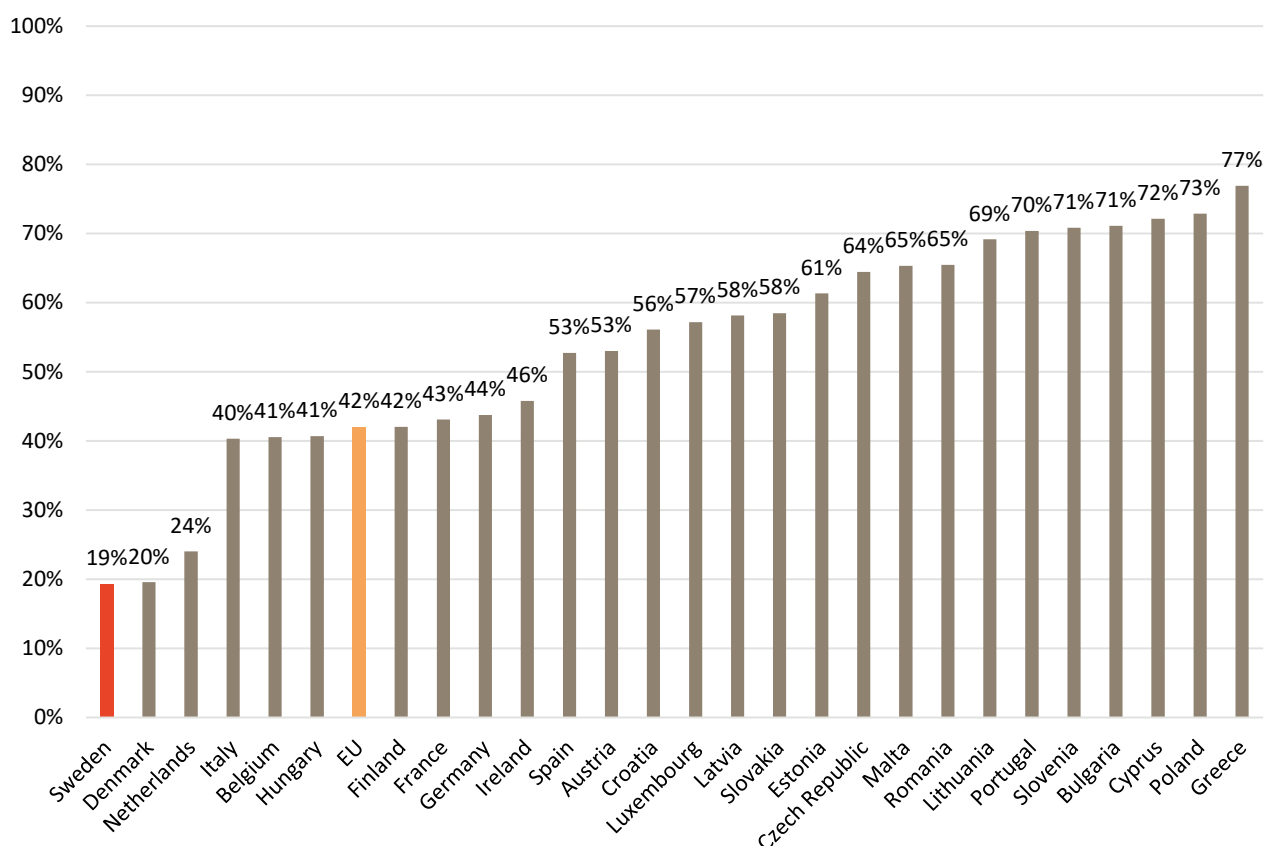


Source: Eurostat 'Households - statistics on financial assets and liabilities', 2023

Distribution of households' financial assets in Sweden and Europe

Swedish households thus have a large financial savings, but in which financial assets do Swedish households invest and how does it differ compared to other European countries? As we have previously mentioned, it is highlighted in SIU that European households have too large a share of their savings in bank accounts, but Swedish households have a very low proportion of their financial assets in savings accounts compared to the EU as a whole. The chart below shows the share of deposits as a share of households' financial assets (in sample) for individual EU countries.

Graph 3: Deposits/cash, share of households' financial assets (sampleⁱ)

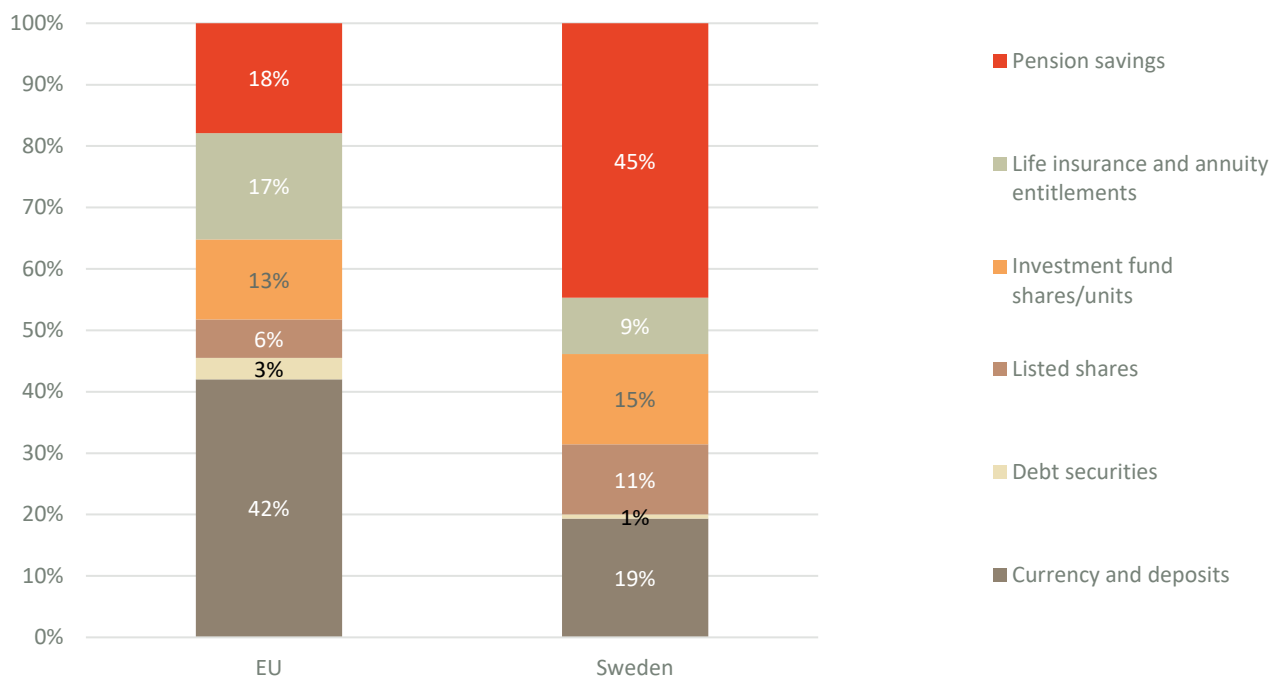


Source: Eurostat Financial accounts 2023, calculations by the Swedish Investment Fund Association

For the EU, the proportion is 42%, but there are large differences between countries. Sweden has the lowest share, 19%, while households in many countries have more than half of their financial assets in savings accounts. It is noteworthy that we have to go back to the early 1980s to find corresponding levels for Swedish households, i.e. before the introduction of the “Allemansfonder”. As shown in the figure above, most countries are above the EU average (which is characterized by the large countries' share) and the median share for a single country amounts to as much as 57%.

Below are households' financial assets (in selection) for Sweden and the EU. Swedish households' smaller share in currency and deposits is offset by a larger share in pension savings, 45 per cent compared to the EU total's 18 per cent, but also by the share of listed shares, 11 per cent for Sweden compared to the EU's 6 per cent.

Figure 4: Households' financial assets, share of total (sample¹)

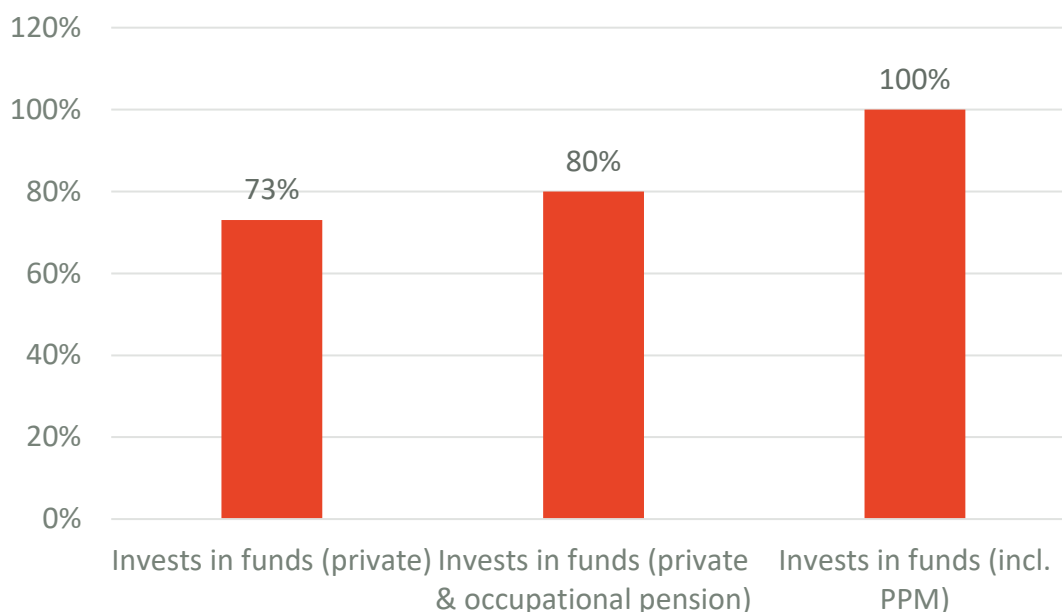


Source: Eurostat Financial accounts 2023. Calculations The Swedish Investment Fund Association

Households' fund savings in Sweden and Europe

Fund saving is widespread in Sweden, as many as 73% of Swedes have a private fund saving. If fund savings are included via occupational pensions, the share rises to 80%, and if the premium pension (which is a mandatory saving) is included, the share amounts to 100%. It is difficult to compare these figures with other countries because most do not measure in the same way, but we know that in many other European countries, fund savings are more focused on institutional customers and thus not as widespread among households as in Sweden. Compared to the United States, which has a long tradition of fund saving and where 54% of households³ have a fund saving, Sweden comes out well.

Figure 5: Share of the population with fund savings, 2024

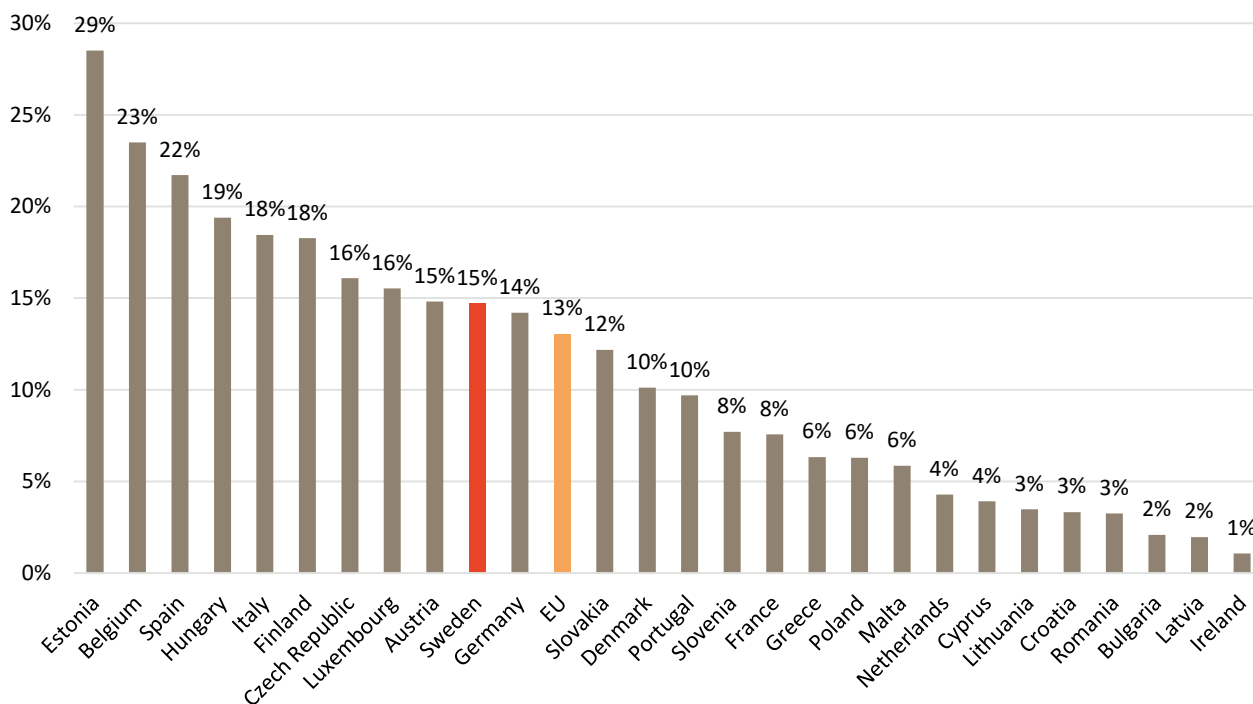


Source: Kantar Sifo Prospera/Swedish Investment Fund Association. 18-76 years old with a declared annual income of SEK >50,000.

³ Source: ICI Fact Book 2024

On the other hand, there are aggregated figures on households' investments in funds for Europe. On average, funds account for 13% of the financial portfolio of EU households, compared to 15% for Sweden. However, this only includes direct savings in funds (incl. Investments Savings Accounts).

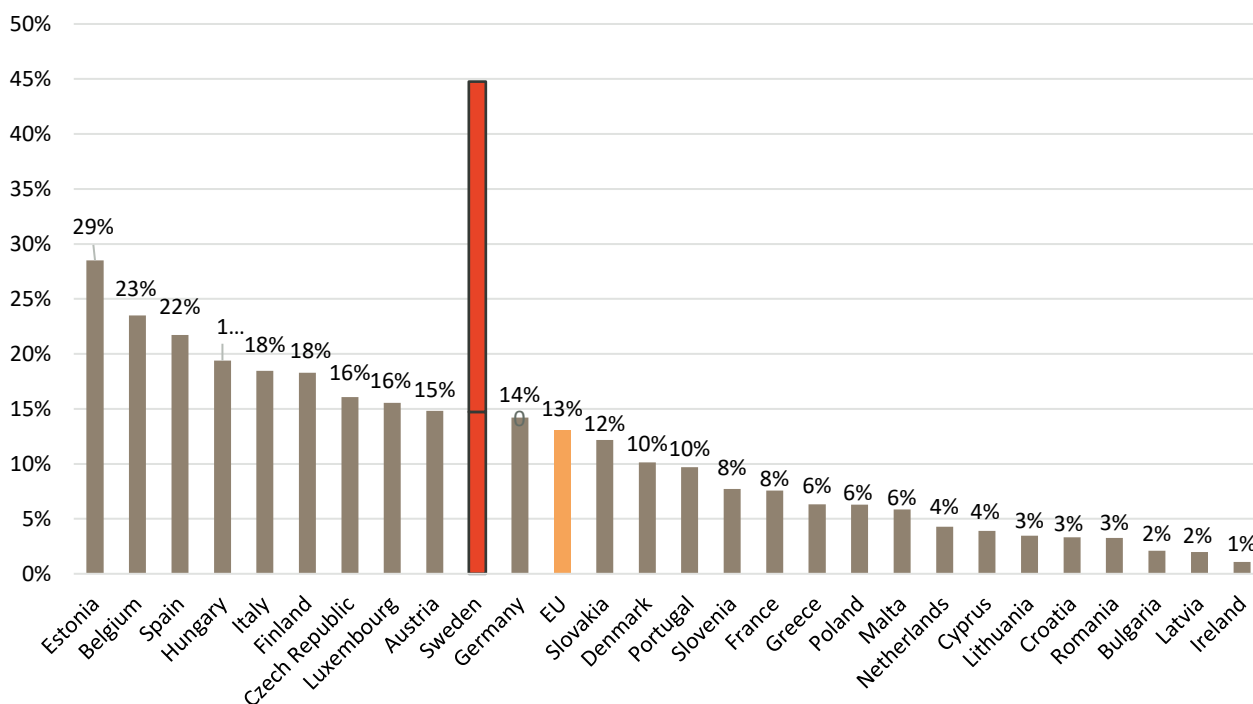
Figure 6: Investment funds (direct savings), share of households' financial assets (sampleⁱ)



Source: Eurostat Financial accounts 2023, calculations by the Swedish Investment Fund Association

If we also add fund savings via occupational pensions, premium pensions and endowment insurance, the share of fund savings as a share of the financial portfolio for Swedish households rises to about 44%. What a corresponding adjustment would result in for other countries is unclear, but they would probably not reach the same levels because funds are not nearly as common in pension savings in other countries.

Figure 7. Investment funds (incl. insurance/pension funds for Sweden), share of households' financial assets (in Sampleⁱ)



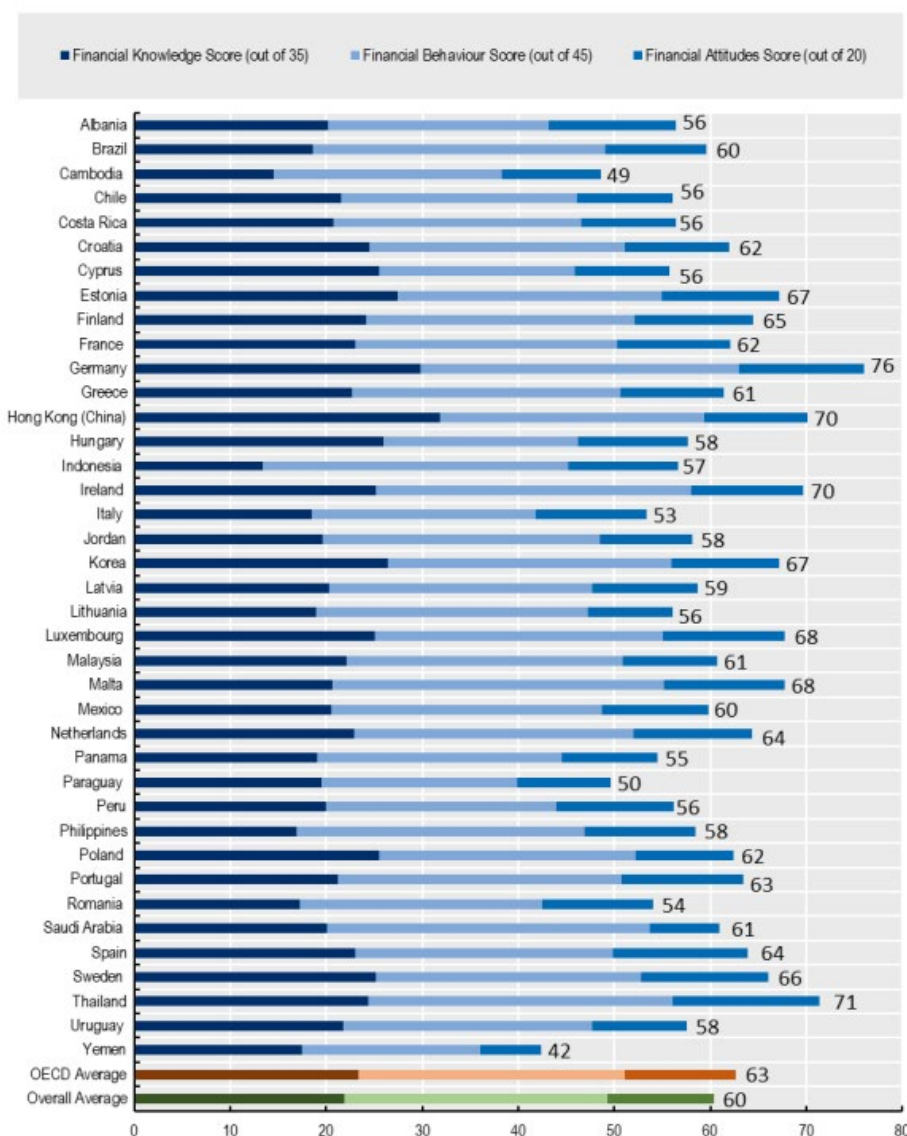
Source: Eurostat Financial accounts 2023, Statistics Sweden Financial accounts, calculations Swedish Investment Fund Association.

Financial literacy as an explanation?

According to an international comparison, Sweden ranks as one of the top ten countries in financial literacy. The survey was conducted by the OECD International Network on Financial Education and is based on questions about financial knowledge, behaviour and attitudes. Sweden ranks ninth out of 39 countries and is well above average.

Figure 8: Overall financial literacy

Average financial literacy scores (out of 100)



Source: OECD (2023), 'OECD/INFE 2023 International Survey of Adult Financial Literacy', *OECD Business and Finance Policy Papers*, No. 39, OECD Publishing, Paris, <https://doi.org/10.1787/56003a32-en>

Countries that rank higher than Sweden are Germany, Thailand, Hong Kong, Indonesia, Luxembourg, Malta, Estonia and Korea. We can conclude that when Sweden is compared with other European countries in the OECD study, one cannot equate high financial literacy with high participation in the capital markets. The European countries with higher financial literacy than Sweden still have a high proportion of their savings capital in deposits/cash (Germany 44%, Luxembourg 57%, Malta 65% and Estonia 63% compared to Sweden's 19%, see Figure 3).

The fact that Sweden has such a strong equity saving culture and widespread fund saving is probably due to factors other than just financial literacy. One explanation could be that we in Sweden have high financial capability, where the focus is primarily on "confidence", what makes an individual act. There are studies⁴ that show that Sweden comes out as the best country in this respect.

Another theory is that the individual's actions are influenced by social structures⁵, and that one does not necessarily need to understand in detail what is good/best, but instead do what others in one's environment, such as family and friends, have done. Here one could imagine that parents' investing in "Allemansfonder" increases the likelihood that the children will become fund savers. According to a survey⁶, 85 percent of parents in Sweden state that they save for their children. Of these, as many as 72 percent have chosen funds as a form of saving, which is thus the most popular form of savings when it comes to child savings.

⁴ M.Nourallah, P. Öhman, S. Hamati "Financial technology and financial capability: Study of the European Union" (2024), which also highlights FinTech as an important means of being able to manage one's finances, also where Sweden is at the forefront.

⁵ See, for example, J. Carlsson Hauff, C. Hermansson ""Buy him some Tesla stocks for his baptizing": Gender differences among young savers" (2023), which examines gender differences in young people's savings.

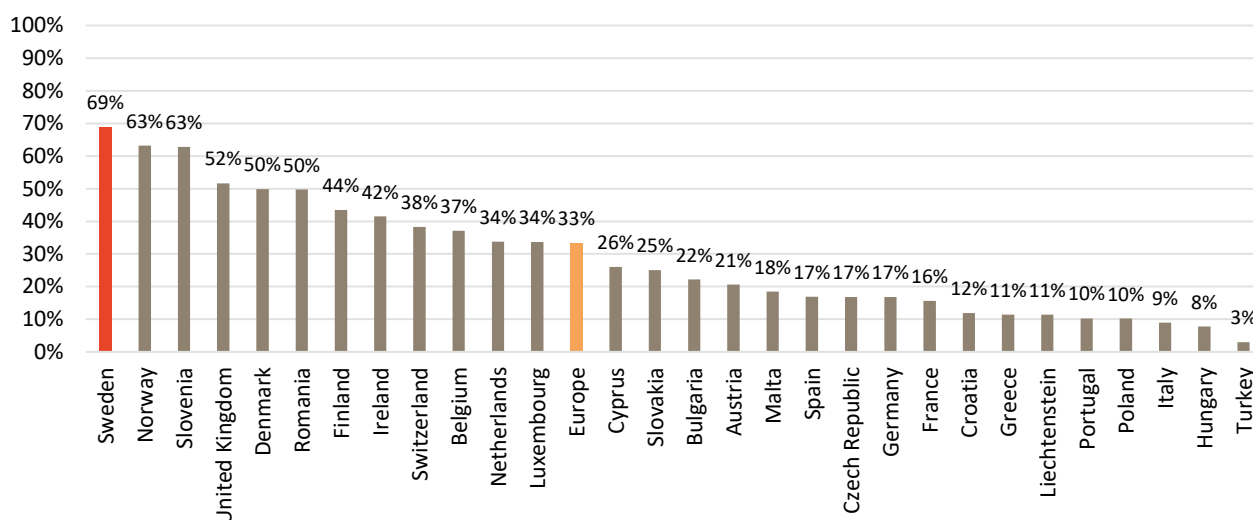
⁶ Kantar Sifo Prospera/Swedish Investment Fund Association 2024

The fund markets in Sweden and Europe

Sweden has the highest proportion of equity funds of total fund assets

69 percent of Swedish fund assets consist of equity funds, which is the highest proportion in Europe. Our Nordic neighbours are also above the European average of 33 per cent: Norway 63 per cent, Denmark 50 per cent and Finland 44 per cent.

Figure 9: Share of equity funds in total fund assets

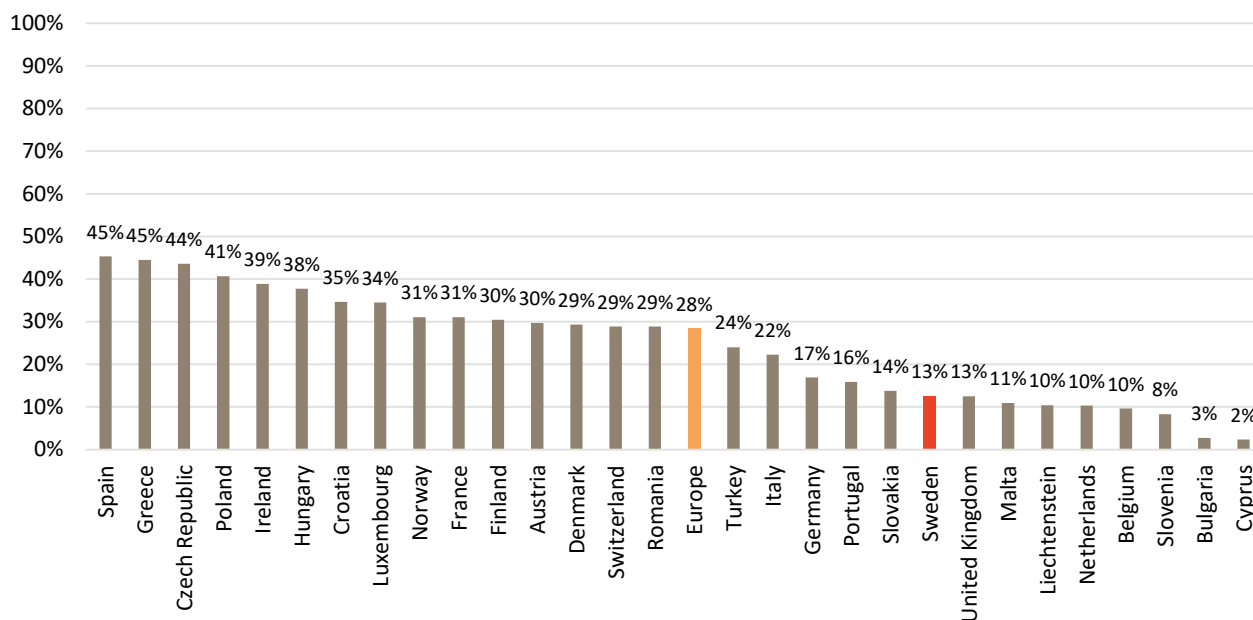


Source: EFAMA, Total Net Assets Q4 2024 (UCITS & AIF)

It can also be noted that in most countries, fund saving is not an equity fund saving, in only six out of 29 countries the share of equity funds is 50 percent or more, and in as many as 13 countries the share is below 20 percent.

With Sweden's high proportion of equity funds, we are consequently lower for the proportion of fixed income funds. Sweden had a share of 13 percent in 2024, while Norway, Finland and Denmark had 31 percent, 30 percent and 29 percent, respectively. The European average for the share of fixed income funds in total fund assets was 28 percent.

Figure 10: Share of fixed income funds in total fund assets



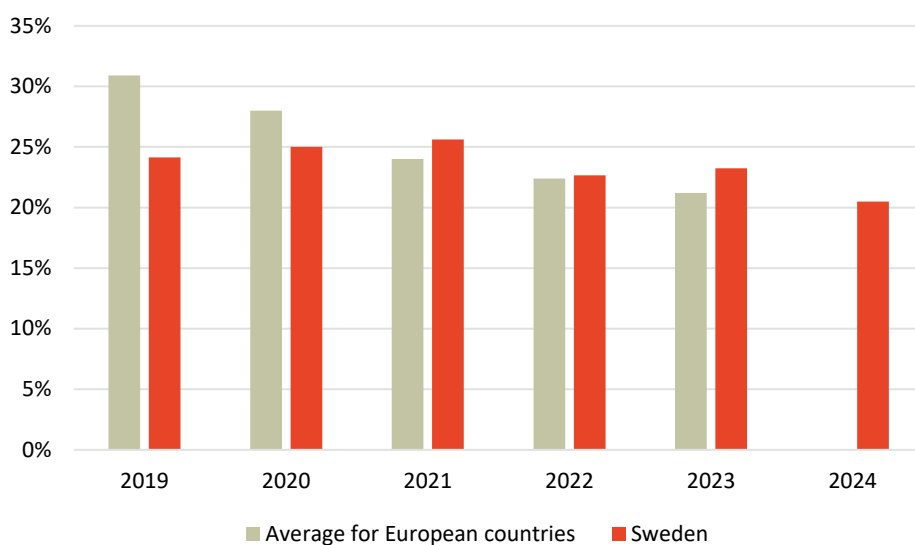
Source: EFAMA, Total Net Assets Q4 2024 (UCITS & AIF)

Equity funds' investments

Returning to equity funds, it may be interesting to see how these are invested geographically and whether the geographical distribution differs between Swedish savers and savers in other member states. One objective of the SIU is to provide European companies with venture capital. One question that is being discussed is whether subsidies or other policy instruments should be created to enable European savers to channel their savings into European equities. It can probably be easier to encourage savers to invest in their home country than to invest "European" in general, at least this has historically been the case. There is sometimes talk of "home bias", i.e. the tendency to overweight investments in the home country, and if we look at the figures, we can confirm that this exists, both for Sweden and for Europe.

As we have previously shown, Europe has 33 percent of total fund assets invested in equity funds, compared with 69 percent for Sweden. If equity funds are analysed based on the proportion invested in shares issued by companies in the same country (home bias), it can be stated that the average for European countries amounts to 21 per cent (2023), while Swedish equity funds have about 20 per cent (2024) invested in pure Sweden funds. If broader fund types, which partly have exposure to Sweden, are also included, the proportion increases to 25–30 percent. Given that the Stockholm Stock Exchange only makes up a few percent in the composition of a world index, Swedish equity funds have a relatively large home bias.

Figure 11: Share of domestic equities as a share of total equity fund assets



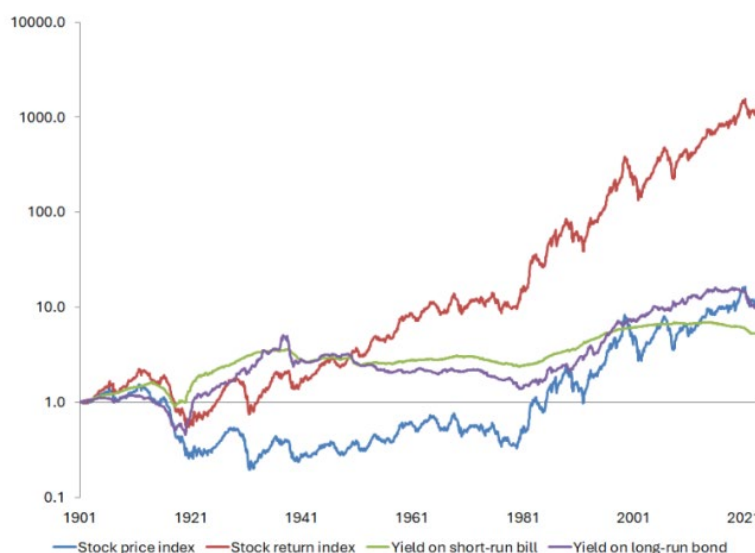
Source: Efama, Swedish Investment Fund Association

The share of equity funds that are invested in domestic equities shows a declining trend, both for Sweden and for the average for European countries. The decrease is mainly due to an increase in exposure to the US market via global funds.

High returns on the Stockholm Stock Exchange over the past 124 years

Historically, the stock market in Sweden has given a clearly better return in the long term compared to bonds and treasury bills, see red line below (equity return incl. dividends) compared to bonds (purple line) and short-term interest rates (green line).

Chart 12: Returns on Swedish equities and fixed-income securities, in real terms, 1901-2024



Source: D. Waldenström "The stock market's return over 124 years" <https://ekonomistas.se/2025/01/07/borsens-avkastning-under-124-ar/>

Even compared to other stock markets, the Stockholm Stock Exchange has performed strongly. An annual research report⁷ shows that the Swedish stock market is among the top 5 highest yielding stock markets in the world since 1900 in real terms. For Sweden, an average real return of 5.9 percent per year is reported.

⁷ Credit Suisse Global Investment Returns Yearbook 2023 Summary Edition

Fund fees are comparatively low in Sweden

Fund fees⁸ for Swedish funds are low compared to other funds in Europe. For equity funds, the capital-weighted average fee is 0.89 percent for Swedish funds, compared with 1.40 percent for the EU as a whole. Only the Netherlands has lower fees, but that comparison is not really fair because they have a commission ban which in practice means that there are fees for distribution when the fund is purchased.

Total Expende Ratios in the EU, %					
Equity funds		Balanced funds		Bond funds	
Netherlands	0,35	Netherlands	0,56	Netherlands	0,22
Sweden	0,89	Sweden	0,85	Sweden	0,42
Denmark	0,97	Denmark	1,04	Spain	0,45
Ireland	1,09	Finland	1,32	Denmark	0,50
Finland	1,20	Spain	1,38	Belgium	0,67
Belgium	1,32	Austria	1,39	Finland	0,69
Spain	1,36	France	1,41	Austria	0,70
Germany	1,49	Ireland	1,41	France	0,71
France	1,65	Portugal	1,47	Germany	0,77
Luxembourg	1,69	Germany	1,49	Ireland	0,87
Austria	1,69	Luxembourg	1,59	Portugal	0,90
Italy	1,99	Italy	1,59	Luxembourg	1,01
Portugal	2,00	Belgium	1,62	Italy	1,13
EU	1,40	EU	1,45	EU	0,86

Source: ESMA 'Costs and Performance of EU Retail Investment Products 2024, capital-weighted average

Sweden also has the lowest fund fees in the EU for balanced funds and bond funds (excluding the Netherlands).

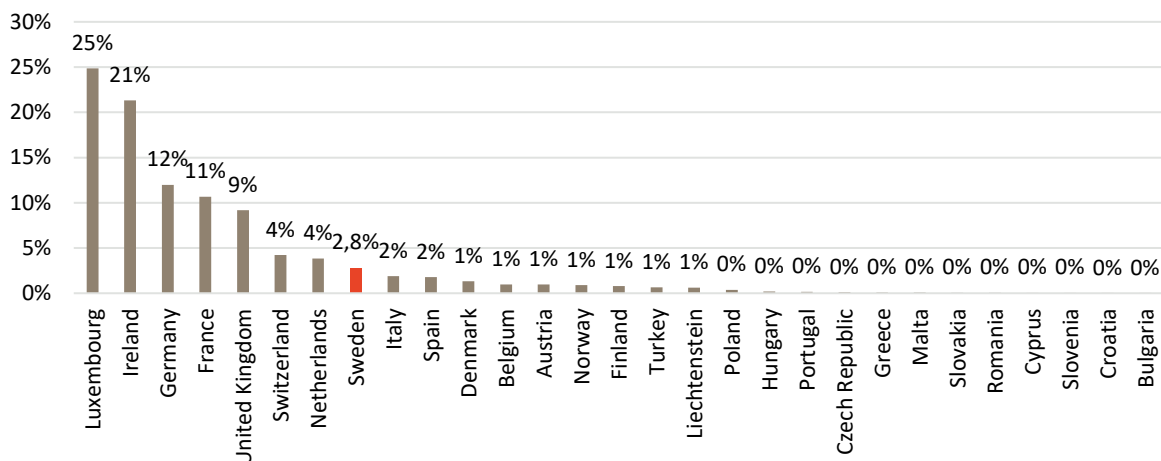
We can conclude that the reason for the low fund fees in Sweden is not due to the fact that we have the largest fund assets, nor are the individual funds larger than in other countries. The explanations can probably instead be found in widespread fund savings, high competition and access to low-cost funds. Fund savers largely choose funds themselves, and then low fees are prioritised.

⁸ Note that the fees do not take into account any discounts that occur within the PPM system, for example.

Import and export of funds in European countries

Luxembourg and Ireland are the two countries in Europe with the largest "fund production", i.e. the largest fund assets in terms of where the funds are registered, followed by Germany, France, the United Kingdom, Switzerland and the Netherlands. Together, they account for 86 percent of fund production. Next comes Sweden, with 2.8 percent of European fund assets.

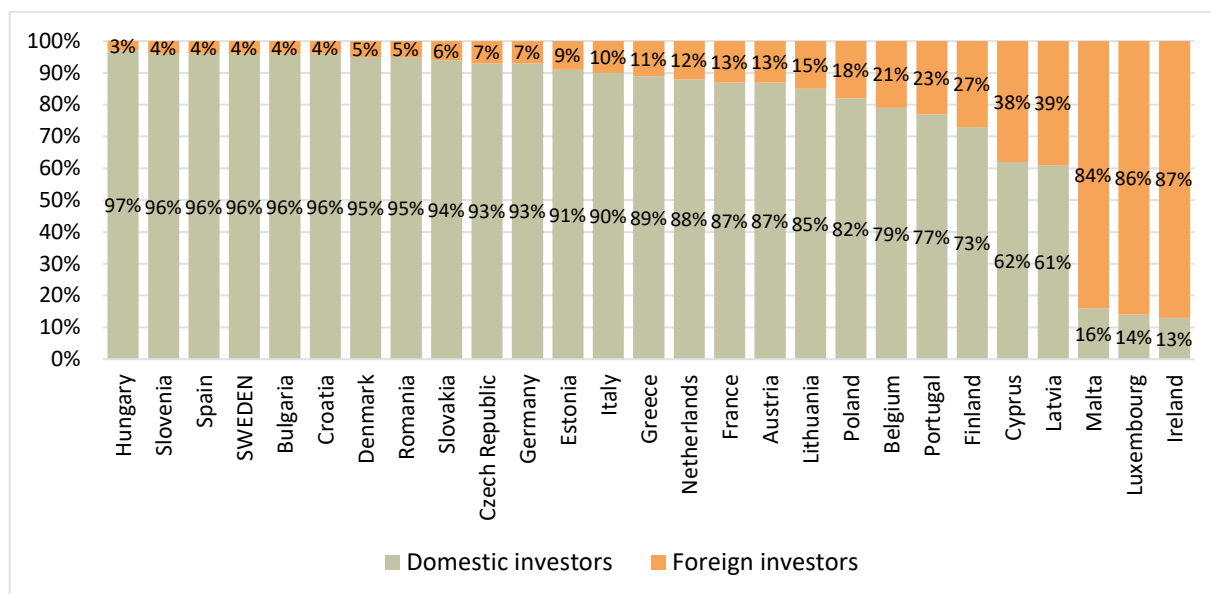
Figure 13: Fund assets, share by country of registration ('production')



Source: EFAMA, Total Net Assets Q4 2024 (UCITS & AIF)

For most European countries, it is most common for the funds to be both produced and consumed in the same country. At the same time, the European fund market is characterised by a large cross-border trade, but there are mainly two countries that contribute to the latter, Luxembourg and Ireland. The chart below shows that about 85 percent of the fund assets in Luxembourg and Ireland are exported, while most other countries' funds are instead purchased domestically. For Swedish-registered funds, 96 percent are owned by Swedish customers, while 4 percent are exported.

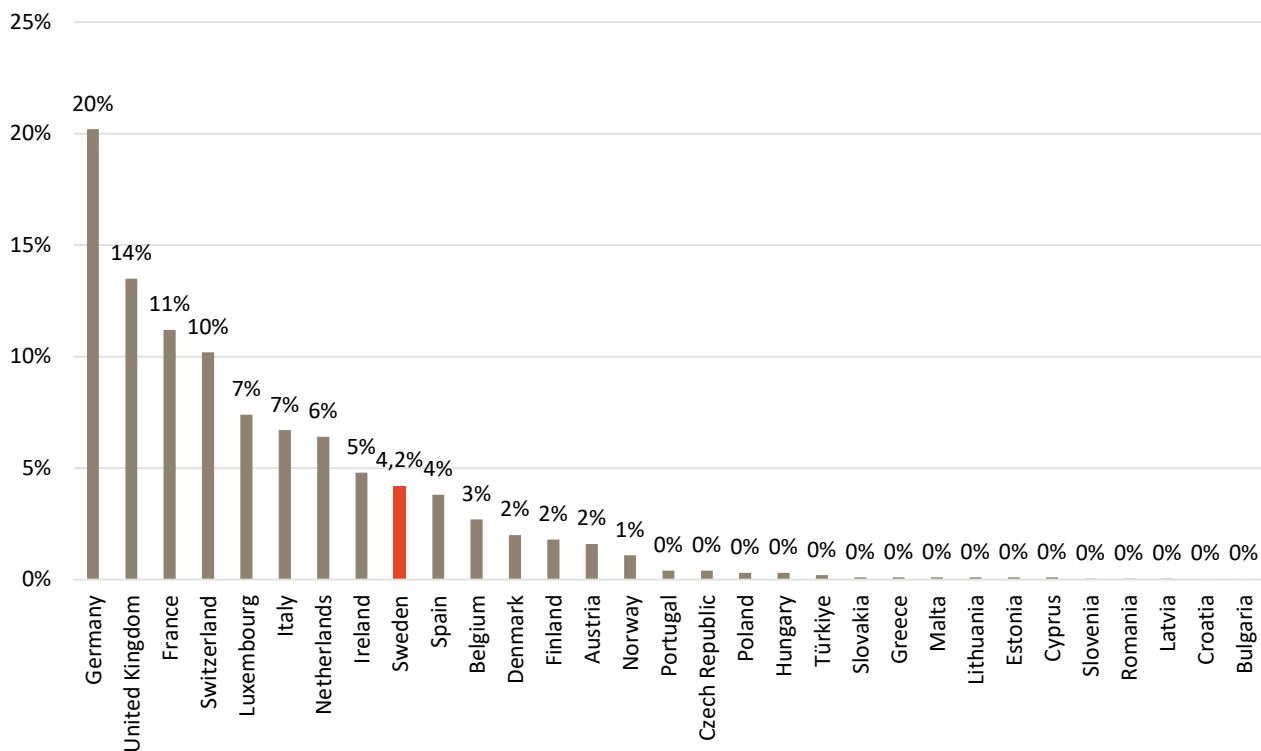
Figure 14: Fund assets, share exported or locally owned



Source: EFAMA's calculations based on ECB data, Q3 2024

If the European fund assets are instead distributed according to the country that owns the funds, it appears that the largest investors in funds are Germany (20%), the United Kingdom (13%), France (11%) and Switzerland (10%). Sweden's share amounts to 4.2 percent, which is higher than the 2.8 percent produced in Sweden and is explained by the fact that we buy more foreign funds than we export Swedish funds.

Figure 15: Fund assets, share by country of ownership ('consumption')



Source: EFAMA's calculations based on ECB data, Q3 2024 (The fact that Luxembourg and Ireland report such high figures is mainly due to fund-of-funds. The ECB classifies funds as owners when they own other funds).

Number of funds – imports and exports

At the end of 2024, there were 853 Swedish-registered funds⁹ and at the same time there were over 5,000 foreign-registered funds¹⁰ for sale in Sweden.

If we try to divide the number of funds¹¹ according to where they are produced (country of registration) and where they are marketed, it becomes clear that most Swedish funds are only sold in Sweden, but some are also sold in other countries, mainly to Finland.

Registration- land:	Land where the fund is marketed:														
	AT	BE	DK	FI	FR	DE	IE	IT	LU	NL	PT	ES	SE	Oth. EU	
	AT	666	0	0	1	6	357	0	25	1	2	0	9	0	60
	BE	52	304	0	0	66	55	1	33	69	23	1	31	4	39
	DK	3	0	520	5	8	11	0	0	9	9	0	9	20	0
	FI	13	0	8	306	12	18	0	12	7	0	5	14	115	2
	FR	130	200	2	6	2 114	220	27	249	271	92	66	231	22	24
	DE	317	6	6	6	39	1 307	18	47	64	18	12	50	5	4
	IE	652	430	451	579	697	888	1 515	854	697	598	290	749	674	98
	IT	0	0	0	0	1	0	0	797	0	0	0	0	0	0
	LU	3 204	2 586	1 629	2 215	3 375	4 315	1 364	3 989	6 904	2 371	1 914	2 553	2 535	1 533
	NL	9	10	0	0	3	12	0	0	18	124	0	2	2	1
	PT	0	0	0	0	0	0	0	0	0	0	142	0	0	0
	ES	0	1	0	0	0	1	0	0	1	0	1	1 417	0	0
	SE	0	4	10	88	7	0	1	0	11	0	4	5	516	8

Source: "Costs and Performance of EU Retail Investment Products 2024, Annexes" ESMA 14 January 2025

We can state that Swedish fund exports are primarily Nordic, which is probably due to the fact that several companies, fund management companies, but also distributors, have operations in several Nordic countries. The large import of funds from Luxembourg and Ireland is mainly because the largest international fund management companies choose these countries as "hubs" for their European operations. They start funds in one country and then export to other European countries, a pattern we see for more countries than for Sweden. Another explanation is that even "Swedish/Nordic" fund management companies have chosen to start funds, primarily in Luxembourg, and then sell these in the Nordic countries. The latter has several reasons, historically it was mainly tax reasons, Swedish fixed income funds previously had to distribute the return every year, but today it is probably mainly due to wanting to start, for example, funds that are legal entities that are easier to sell outside the Nordic region.

⁹ Mutual funds and special funds. Source: Statistics Sweden

¹⁰ Morningstar.se, excluding share classes

¹¹ Source: ESMA, the population is not comprehensive but is still considered to give a correct picture of the distribution.

Conclusion

In conclusion, we can state that there are major differences between different countries in Europe. The Swedish savings market comes out very well in a European comparison. Swedish households have a high level of financial savings and a large part of this is, directly or indirectly, invested in the stock market, which in turn helps companies gain access to venture capital.

Furthermore, Swedish households have a relatively high financial literacy rate, and not least, a high financial ability that can explain Swedish households' behavior. The fact that the Swedish stock market has performed well in recent decades should not be underestimated as an explanatory factor, and the Swedish corporate governance model has played an important role in this. Furthermore, the high participation in the capital markets can also be attributed to a number of successful political reforms, with the Public Access Funds and ISK savings as the main examples.

There are thus a number of different parts that interact for a well-functioning capital market in Sweden and it is not likely that everything can or should be copied straight off for other countries. However, Sweden can be used as an inspiring example in e.g. the SIU discussions, where different parts may be suitable for different countries depending on individual conditions and needs.

ⁱ Selected financial assets: Unlisted shares, Other equity, Non-life insurance technical reserves, Loans, Financial derivatives and Other accounts are not included (The reason is that these holdings are owned for reasons other than managing household savings; e.g. unlisted shares: illiquid assets that are typically held by a limited group, often the founders of a company.)