

OPINION

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Financial Asset Formation Among Young Adults in Korea: Recent Trends and Policy Implications

Young households in Korea hold a larger share of financial assets relative to total assets compared to other age groups. Their financial asset portfolios are heavily concentrated in savings and deposits, with limited exposure to risky financial assets such as stocks, bonds, and funds. However, since the COVID-19 pandemic, interest in risky financial assets has grown significantly among young adults, contributing to a rising share of such assets in their portfolios.

This shift has been accompanied by a widening disparity in the size and management of financial assets by income level within the young population. High-income young adults have allocated a growing share of their assets to high-return risky financial assets, a trend that has accelerated since the pandemic. In contrast, low-income young households have increased their reliance on savings and deposits, while their participation in financial investment has recently declined. As a result, financial asset holdings have expanded among high-income youth, but remained unchanged or even contracted among their low-income counterparts. As capital market participation has emerged as a central pathway for asset accumulation, differences in financial asset levels and investment behavior established in early adulthood may contribute to greater wealth inequality later in life.

Addressing these disparities will require policy efforts to improve the effectiveness of asset-building programs for low- and middle-income youth and to strengthen their long-term financial asset investment capabilities. Equally important is the implementation of detailed, individual-level surveys that can more accurately capture the asset profiles and investment behavior of young people, thereby enabling more effective policy design.

* All opinions expressed in this paper represent the author's personal views and thus should not be interpreted as Korea Capital Market Institute's official position.

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In the past decade, asset-building strategies among young adults in their 20s and 30s in Korea have undergone significant transformation. Amid persistently low interest rates and growing labor market insecurity, there has been increasing recognition that savings and earned income alone are insufficient for long-term wealth accumulation. As a result, younger generations have increasingly turned to the investment market, a shift that has become pronounced following the COVID-19 pandemic. In the early 2020s, the Korean term *Yeongkkeul-jok* emerged to describe young individuals who stretch their financial limits to invest, particularly in real estate. At the same time, investing in financial assets, such as stocks and funds, also gained widespread popularity among the youth.

Out of various asset classes, financial assets have become a more accessible and practical tool for wealth accumulation due to their lower entry barriers and higher liquidity. Since 2022, rising interest rates on loans, tighter credit regulations, and elevated real estate prices have somewhat dampened enthusiasm for real assets. In contrast, financial assets have continued to appeal to young individuals with limited initial capital. Notably, the ease of access to the financial market facilitated by mobile trading apps, combined with the rapid dissemination of financial investment content through platforms like YouTube and social media, has further expanded the investment of young adults. Public policy initiatives have also increasingly focused on supporting asset formation through financial asset investment.

As financial assets have emerged as a cornerstone of asset formation among the younger population, it is worth examining their financial asset portfolios and investment behavior, given that early adulthood marks the starting point of long-term wealth building. In particular, disparities in the scale and management of financial assets during this life stage can contribute to long-term wealth inequality. Against this backdrop, this article explores the key characteristics and recent trends of financial asset formation among young adults, and assesses the extent of financial asset inequality across income brackets.

Financial asset composition and investment behavior of young households

Drawing on microdata from the Korean Survey of Household Finances and Living Conditions, this article compares asset composition by age of household head, with a focus on the distinct

features and trends of financial assets among young households.¹⁾ As most asset-related surveys, including the Survey of Household Finances and Living Conditions, are conducted at the household level, this article also conducts the analyses at the household level. Young households are defined as those headed by individuals aged 20 to 39.

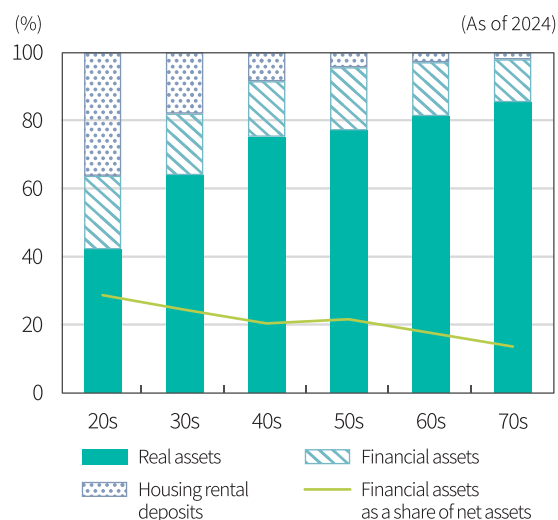
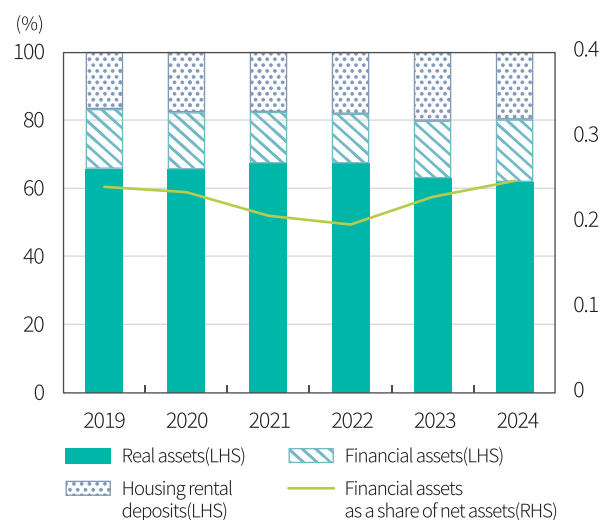
The analysis identifies two notable trends that distinguish young households from older ones. First, financial assets account for a relatively large share of total assets among young households. When household assets are categorized into real assets, financial assets, and housing rental deposits,²⁾ young households typically hold fewer real assets, such as real estate, due to limited affordability. As a result, financial assets comprise a larger proportion of their overall asset portfolios.

Figure 1 illustrates the distribution of real assets, financial assets, and rental deposits across different age groups. The share of financial assets in total assets, or the ratio of financial assets to net assets, is highest among young households. For this group, the share of financial assets in total net assets has increased over the past three years, as shown in Figure 2. However, this upward trend primarily reflects a decline in real asset holdings rather than growth in financial assets.³⁾ Figure 3 supports this interpretation, indicating a marked decrease in the proportion of young households owning real assets.

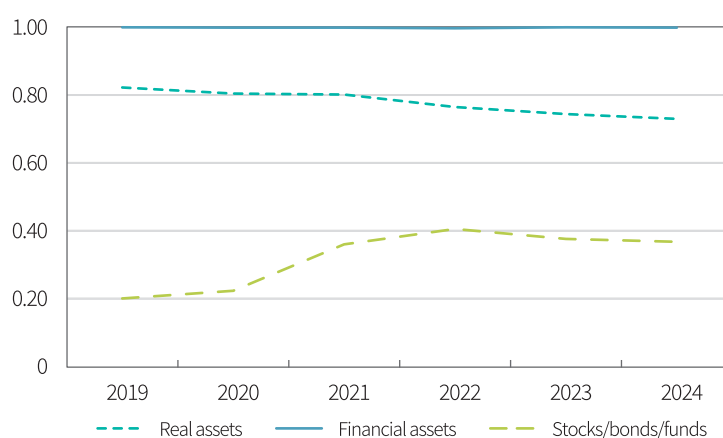
1) All analyses in this article use the household weights provided by Statistics Korea. Although the Survey of Household Finances and Living Conditions began collecting data on virtual assets in 2024, the information was excluded from the analysis as they have not yet been publicly released. All years presented in the figures refer to the survey year.

2) According to the Survey of Household Finances and Living Conditions by Statistics Korea, financial assets are defined as the sum of savings and housing rental deposits. Savings include deposits, savings and protection-type insurance products, stocks, bonds, funds, and other savings. However, housing rental deposits, intended for residential use, are often distinguished from general financial assets due to their limited liquidity and restricted use. Some prior studies classify them separately. In this respect, this article defines savings as a financial asset class and categorizes total assets into three groups: real assets, financial assets, and housing rental deposits.

3) When adjusted for inflation, the size of financial assets and housing rental deposits among young households has remained largely unchanged, while real assets and liabilities have declined in scale.

Figure 1. Asset composition by age group of household head**Figure 2. Changes in asset composition among young households**

Note: Assets = Real assets + financial assets + housing rental deposits, Net Assets = Total assets – liabilities

Figure 3. Share of real and financial asset holdings among young households

Second, young households exhibit a strong preference for deposit-based financial products, while allocating relatively less to savings-type insurance, pensions, and risky financial assets such as stocks, bonds, and funds (see Figure 4). However, as illustrated in Figure 3, the share of young households holding stocks, bonds, and funds has nearly doubled since the onset of the COVID-19 pandemic. The proportion of risky financial assets in their financial portfolios has also risen sharply (see Figure 5). These developments suggest their growing appetite for high-return, risk-oriented investment strategies, a trend that has persisted in recent years.

Figure 4. Financial asset composition by age group of household head

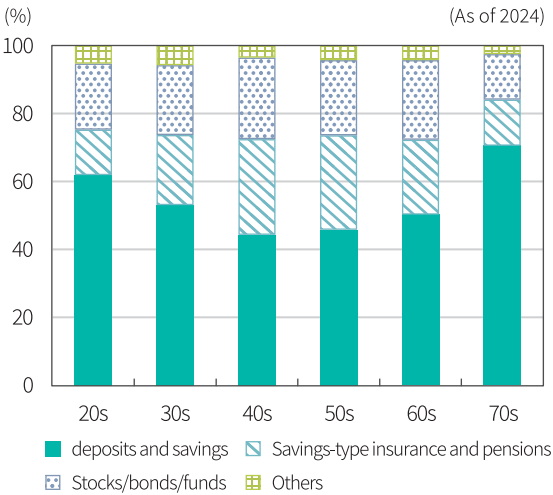
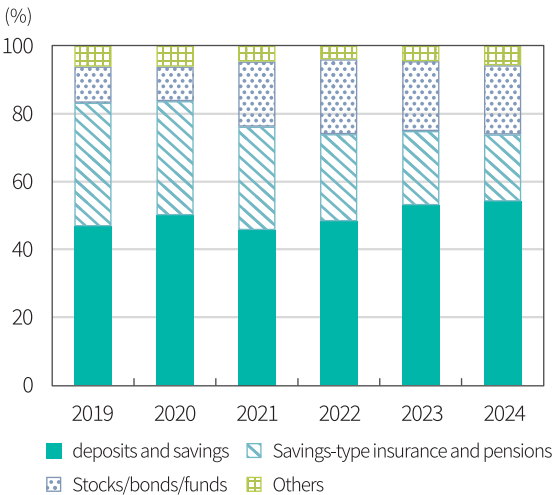


Figure 5. Changes in financial asset composition among young households



Financial asset inequality among young households

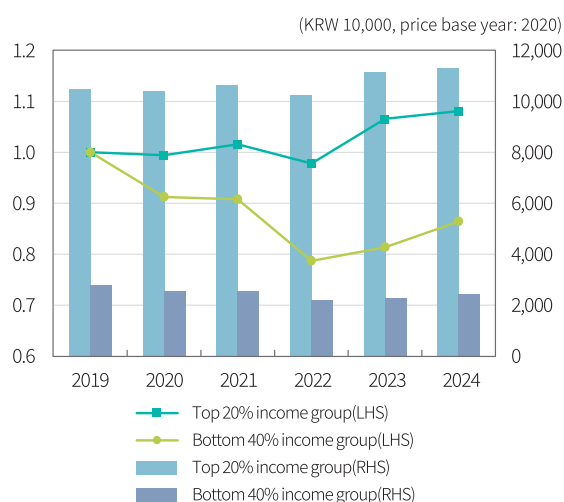
Although asset composition and investment behavior among young adults have shifted significantly since the COVID-19 pandemic, these changes have unfolded unevenly across income groups.⁴⁾ This section focuses on differences in the size of financial assets and investment patterns between the top 20% and bottom 40% income groups within the young household segment.⁵⁾

As shown in Figure 6, the gap in financial asset holdings between these income groups has widened in recent years. Since 2019, high-income households have continued to expand their financial asset holdings, whereas their low-income counterparts have experienced a decline. In 2019, the top 20% income group held approximately 3.7 times more financial assets than the bottom 20%; by 2024, this ratio increased to 4.7. While this divergence may partially reflect shifts in the asset composition of high-income households, such as a relative reduction in real assets or rental deposits, or an increase in liabilities, this interpretation is not supported by the data. On the contrary, real asset holdings have declined more sharply among low-income

4) Additional analyses dividing groups by asset level or net asset quintile, rather than income, yielded qualitatively similar results.
5) This article uses household income quintiles provided by the Survey of Household Finances and Living Conditions. Further analysis with narrower age brackets of household heads—ages 20 to 24, 25 to 29, 30 to 34, and 35 to 39—also produced similar results across income levels.

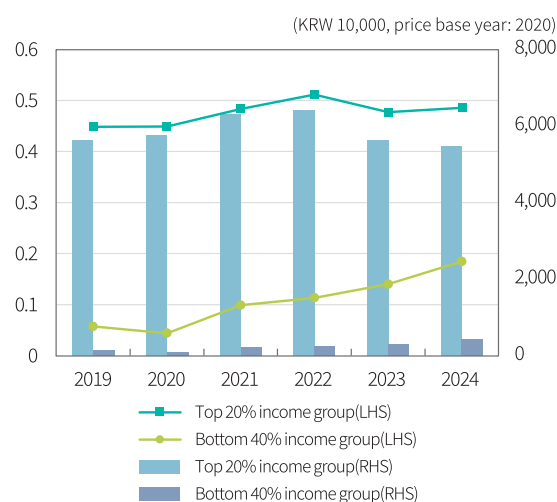
households, and debt burdens have fallen more significantly among high-income groups.⁶⁾ One possible explanation for the growing disparity is increased savings among high earners. However, Figure 7 shows that both the savings rate and the absolute amount of savings have risen more substantially among low-income households.

Figure 6. Changes in financial asset holdings by income quintile among young households



Note: Changes in asset size relative to 2019 (LHS), Savings amount (RHS)

Figure 7. Changes in savings by income quintile among young households



Note: Savings rate=(Income-Expenditure)/Income (LHS), Savings amount = Income -Expenditure (RHS)

The widening gap in financial asset holdings between income groups may, in part, be attributed to the divergence in asset composition and investment strategies. As illustrated in Figure 8, the top 20% income group has significantly increased its capital allocation to risky financial assets, such as stocks, bonds, and funds, while the bottom 40% has seen a rapid increase in the share of safe financial assets, such as deposits and savings accounts, within their overall asset portfolios. Moreover, the proportion of young households in the bottom 40% income group holding any risky financial assets has recently declined (see Figure 9). This trend suggests that the post-pandemic surge in financial investment among the youth, particularly in stocks and ETFs, has been driven primarily by high-income young adults, while participation

6) Between 2019 and 2024, the size of housing rental deposits remained largely unchanged for both high- and low-income households. During the same period, disparities between the two groups widened not only in financial assets, but also in real assets and net wealth.

among lower-income youth has either stagnated or decreased. These behavioral differences may have contributed to the widening gap in financial asset holdings. High-income households appear to have expanded their assets through more aggressive investment strategies, whereas lower-income households may have missed out on these opportunities. Figure 10 further supports this view, showing that financial income as a share of total income is substantially higher, and has increased recently, among the top 20% income group of young households.⁷⁾

Figure 8. Share of financial asset categories by income quintile among young households

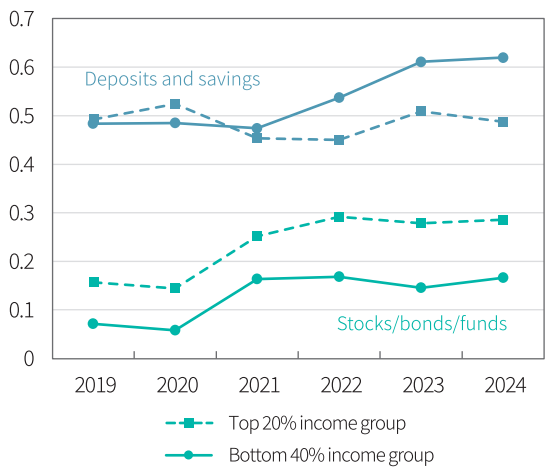
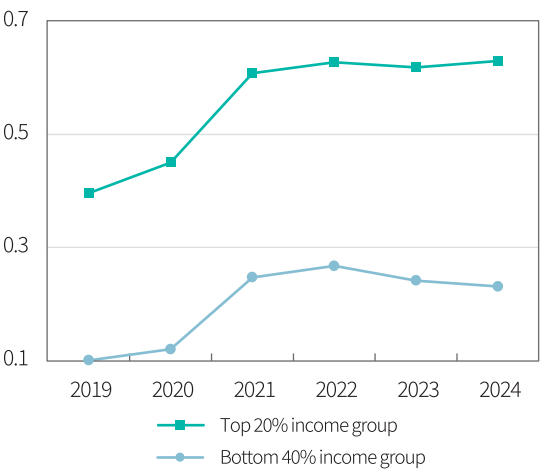
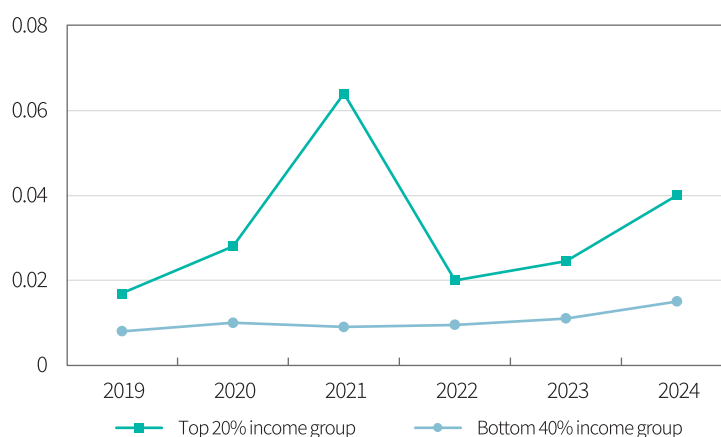


Figure 9. Share of young households holding stocks/bonds/funds by income quintile



7) According to the Survey of Household Finances and Living Conditions, income is defined as the sum of earned income, business income, property income, inter-household transfer income, and transfer income from nonprofit organizations. Property income consists of financial income, rental income, income from individual pensions and retirement pensions, and other forms of property-related income. Financial income, in turn, refers to the amount remaining after deducting borrowing costs from interest income from fixed-income securities, deposits, and savings and dividend income from insurance, trusts, and stocks.

Figure 10. Financial income as a share of total income by income quintile among young households



Implications and policy recommendations

Young adults hold a higher share of financial assets relative to total assets compared to other age groups. Although risky financial assets, such as stocks, bonds, and funds, currently represent a modest proportion of their portfolios, this share has been steadily increasing. Within the young adult segment, however, significant disparities in both the scale and management of financial assets exist and appear to be widening across income levels. High-income young adults tend to engage in high-risk, high-return investments and manage their portfolios more proactively, while their low-income counterparts rely more heavily on safe assets such as savings and deposits, a trend that has become more pronounced in recent years. This growing divergence suggests that wealth and income disparities driven by financial asset accumulation may continue to deepen over the long term. As capital market participation increasingly becomes a central pathway for building assets, differences in financial asset levels and investment behavior established during early adulthood may translate into entrenched wealth inequality later in life.

Addressing this widening gap requires policy measures to support the financial asset accumulation of low- and middle-income young adults.⁸⁾ While various youth-focused programs, such as the Youth Leap Account, Youth-oriented Individual Savings Accounts (ISAs), and Youth Long-term Tax-Deductible Fund, are currently in place, little is known about how

8) Policies aimed at ensuring housing stability and quality employment should accompany efforts to promote overall asset formation.

these programs are utilized across income groups or their effectiveness in promoting asset growth. Policymakers should regularly assess demand and usage by income level and refine program design accordingly. In addition to incentives such as tax benefits, a wider range of tailored financial products are needed to encourage young adults, especially low-income youth, to build long-term investment capabilities.

Equally important is the implementation of individual-level surveys to precisely capture the financial realities of the younger population, thereby supporting more effective policy design. Existing household-level surveys, such as the Survey of Household Finances and Living Conditions and the National Survey of Tax and Benefit, often fail to fully capture the asset composition and investment patterns of young adults, particularly amid the increase in those living with their parents. To support empirical evidence-based policymaking, individual-level surveys, such as the Youth Panel Survey, should be expanded to reflect more detailed data on financial asset holdings and investment behavior.