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Institute on Comparative Regional Integration Studies



Future Trends Series - GR:REEN Project

Title of the report

The Determinants and Long-term Projections of Saving Rates in Developing Asia

Area

Economy

Reporter

Asian Development Bank (ADB)

Type of the Reporter

Regional Organisation

Periodically updated?

No

First issued year

2010

Latest update

2012

Official website

http://library.umac.mo/e_resources/org_publications/b16396133.pdf

Language available

English

Short summary

First, the report presents data about trends in domestic saving rates between 1966 and 2007 for 12 economies in developing Asia.

Secondly, prospects on future trends in domestic saving rates are analysed in developing Asia for the 2011–2030 period. Results show that saving rates will remain roughly constant during the next two decades. This will occur despite rapid population aging in some economies because “the negative impact of population aging on the domestic saving rate will be largely offset by the positive impact of higher income levels”.

Key trends

- Domestic saving rates in developing Asia have, in general, been high and rising.
- There have been substantial differences from one economy to another, the main determinants of the domestic saving rate in developing Asia during the 1960–2007 period was the age structure of the population, income levels and the level of financial sector development.
- “The domestic saving rate in developing Asia as a whole will remain roughly constant during the next two decades because the negative impact of population aging will be roughly offset by the positive impact of higher income levels.”

- “There will be substantial variation from economy to economy, with the rapidly aging economies showing a sharp downturn in their domestic saving rates by 2030, because the negative impact of population aging will dominate the positive impact of higher income levels, and the less rapidly aging economies showing rising domestic saving rates, at least until 2020, because the positive impact of higher income levels thereon will dominate the negative impact of population aging thereon.”

Suggestions

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Methodology

Research from primary sources and modelling

Reference to other trends reports? If yes, which reports?

M. Lührman, “Demographic Change, Foresight and International Capital Flows”, MEA Discussion Paper Series 03038. Mannheim Institute of the Economics of Aging, University of Mannheim, Germany, 2003.