

Media Release
Monday 16 December, 2013

Savings index declines by 10 points as savings environment deteriorates

Record low with just 23% believing that now is a good time to save

The Nationwide UK (Ireland) / ESRI Savings Index has fallen from 98 points to 88 in November, the lowest since June. The decline in the index is predominantly driven by a 20 point decline in the Savings Environment sub-index which experienced a significant fall from 99 in October to 79 in November.

The Savings Environment sub-index measures whether people think that the current period is a good time to save and whether they believe government policy is encouraging saving.

The share of respondents who believe that now is a good time to save dropped to 23% from 30% last month. This is the lowest score recorded in these measures since the index started in January 2010. This has been particularly prevalent among the over 50 age group with just 19% saying now was a good time to save compared with 31% last month.

At the same time, consumer's negativity towards government policy on saving has increased to 66% this month from 55% in October. This trend is also more pronounced amongst the over 50's with 69% of this group believing that the government policy discourages saving.

The Savings Attitude which asks respondents about their saving behaviour and how they feel about the amount they saved, remained broadly unchanged falling just one point. However, the proportion of those saving regularly fell for the second month, down to 32% from 39% in September.

Despite this negative sentiment, when asked about their preferred use for any spare money available, preference for saving remains strong with 39% of respondents saying they would save their spare cash, a 2 percentage point increase from last month. Coincidentally, preference to spend has also increased to 13% compared to 8% last month while preference to pay down existing debts has fallen to 43% from 47% last month.

Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said: *"The Savings Environment Index has been the driver of change in the overall Savings Index during 2013. Consumers are now responding negatively to government policy and the general savings environment.*

However their fundamental attitude to saving and preference to save any spare money available remains strong. These responses are most apparent amongst those aged over 50 who are more likely to have money to save and who are therefore more likely to be impacted by the increase in Deposit Interest Retention Tax (DIRT) from January 2014."

ENDS

Savings Index Data

Month	Savings Index	Savings Attitudes index	Savings Environment Index
Nov-12	98	96	99
Dec-12	81	90	71
Jan-13	85	94	76
Feb-13	83	96	70
Mar-13	88	94	82
Apr-13	88	104	71
May-13	86	99	72
Jun-13	86	94	79
Jul-13	115	112	118
Aug-13	98	101	95
Sep-13	110	112	107
Oct-13	98	98	99
Nov-13	88	97	79

About the Savings Index

The Savings Index is constructed from monthly research on the attitudes of Irish consumers towards saving.

The Index measures peoples' responses to questions on their attitudes and behaviour towards saving (The Savings Attitude Index) and conditions in the wider environment (Savings Environment Index).

The Nationwide UK (Ireland) Savings Index is produced monthly from a minimum sample of 800 consumers over 15 years of age. The ESRI carries out the Savings Index research to ensure the indices represent a national sample.

Note: Prior to January 2011 the Nationwide (UK) Ireland Savings Index was constructed using quarter one, 2010 as its base period. From January 2011, The Index has been rebased using the year 2010 as the base period. The method for calculating the savings attitudes sub-index has been altered to reduce short-term volatility as the impact of small changes in the number of responses was being overstated when the number of respondents in a category was low.

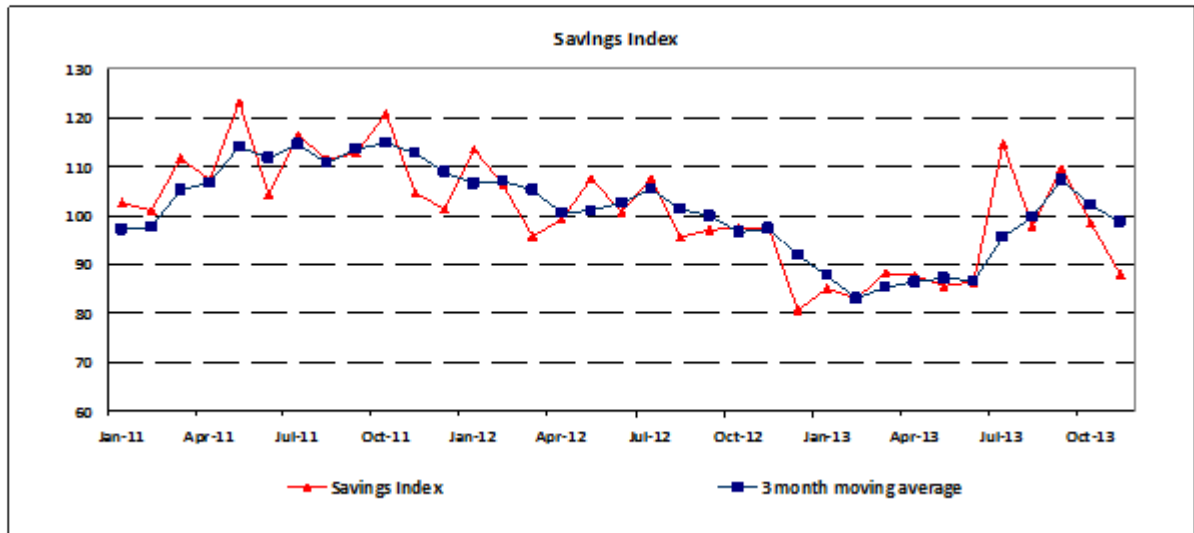
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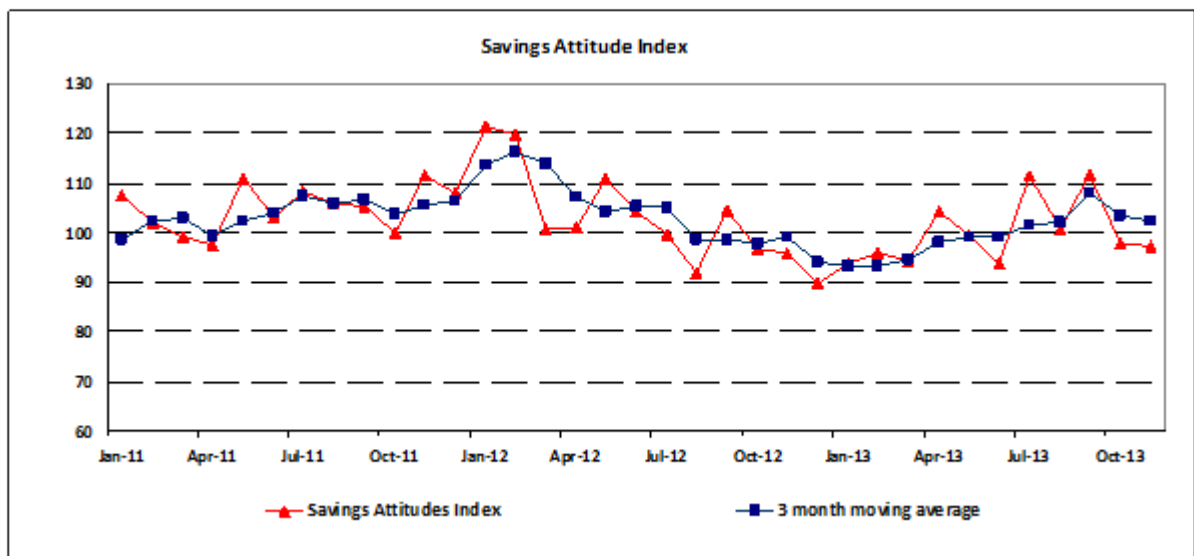
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index decreased in November to 88, from 98 in October. The three-month moving average decreased to 99 from 102 last month.
- The Savings Environment sub-index fell sharply to 79 in November from 99 last month.
- The Savings Attitude sub-index was broadly unchanged, falling by 1 point to 97 since last month.



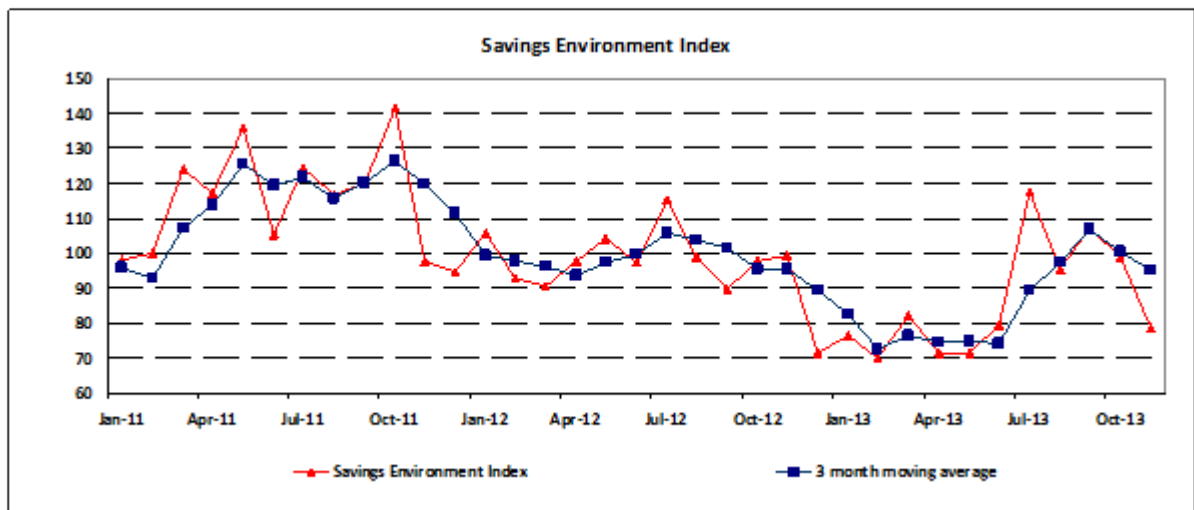
The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- In November, the sub-index decreased to 97. The three-month moving average decreased slightly to 102.
- The proportion of those saving regularly fell for the second consecutive month, down to 32% from 39% in September.
- 65% of people say they are unhappy with the amount they are saving, the same as last month. Meanwhile 15% of people say they are happy with the amount they are saving, a slight increase from 14% last month.



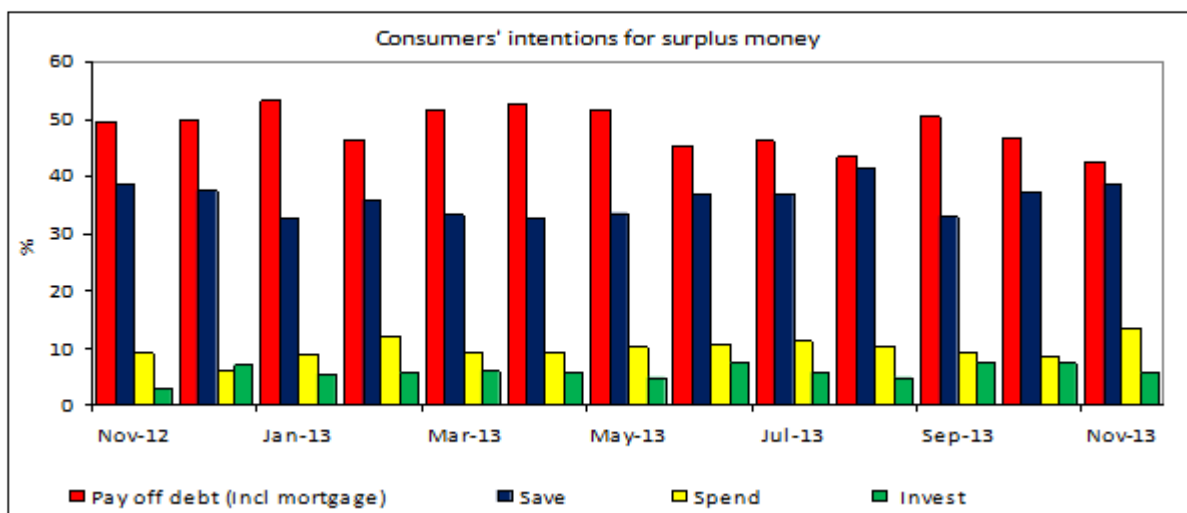
The Savings Environment Index (Graph 3)

- The Savings Environment sub-index asks whether or not respondents believe that the current period is a good time to save and whether they think government policy encourages people to save.
- This index decreased sharply to 79 in November from 99 in October.
- The share of respondents who believe that now is a good time to save dropped to 23% from 30% last month. This equals the lowest score recorded in this measure since the index started in January 2010. This trend is more pronounced among those aged over 50.
- In November, only 19% of those aged over 50 said that now was a good time to save, this is a decline from 31% last month and is the lowest score recorded on this measure since the index started in January 2010.
- 66% or 2 out of 3 respondents believe that government policy discourages saving, an increase from 55% last month. This trend is also more pronounced amongst the over 50's with 69% of this group expressing the view that government policy discourages saving.
- The overall decline in the Savings Environment Index possibly relates to the Government's budgetary decision to increase the rate of Deposit Interest Retention Tax (DIRT) from 33% to 41% from January 1st 2014.



Consumer's intentions for surplus money (chart 4)

- Despite the declines in the Savings Environment index, preference to save any spare money available remains strong; In November, 39% of people would save any spare funds available, an increase from 37% last month. Preference to pay down existing debts has fallen to 43% from 47% last month. Meanwhile, preference to spend has increased to 13%, compared to 8% last month and 9% a year ago.



Note: Prior to January 2011 the Nationwide (UK) Ireland Savings Index was constructed using quarter 1, 2010 as its base period. From January 2011, The Index has been rebased using the year 2010 as the base period. The method for calculating the savings attitudes sub-index was altered slightly so as to reflect a constant share of respondents who reported saving about what they should in the positive and negative categories so as to reduce short-term volatility.