

Savings Index declines slightly in April as the environment for saving remains challenging

- **One in five savers now saving towards education or training**
- **Increase in numbers saving for home renovations and holidays**

The Nationwide UK (Ireland) / ESRI Savings Index, which measures overall sentiment towards saving, declined slightly in April to 101 from 102 the previous month.

The Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving also declined in April, falling back to 96 from 100 the previous month. However the sub-index is still considerably ahead of the level of 71 recorded in April 2013.

Negativity towards government policy on saving remains strong and overall 60% of people say that government policy is discouraging people from saving. In April, the proportion of people who believe that now is a good time to save was 26%, a decline from 31% in March.

The past year has seen a change in what people are saving for. The most popular reason is still unexpected expenses with 36% of people saving for this reason. However this is a decrease from 46% a year ago.

With ongoing challenges in gaining employment, almost one in five people (19%) are saving for education/training, an increase from 15% a year ago. Saving for holidays and buying/renovating homes has also increased in popularity with 14% and 7% saving for these purposes respectively, an increase from 10% and 5% respectively a year ago.

When asked about their preference as to how they might allocate any money over and above their everyday needs, 47% of respondents, said they would use the surplus to pay off debts including their mortgage, a decline from 53% a year ago; 10% said they would spend it, compared to 9% a year ago; 4% said they would invest it, compared to 6% a year ago. Meanwhile 39% of respondents would save the money, an increase from 33% a year ago.

The past year has also seen a change in the average amount being saved per month. A year ago, 62% of savers were saving up to €100 per month while 38% were saving more than €100. In April 2014, the proportion of people saving up to €100 has decreased to 54% while the proportion saving more than €100 has increased to 46%.

Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said: *“The decline in the Index this month is driven by negativity towards the economic environment and government policy towards saving, in particular amongst those aged over 50. We expect the overall index to decline further as the economy improves and while there has been no significant increase in preference to spend reported in the findings during the past year, there has been a noticeable change in the reasons why people are saving. This change is from a general precautionary motive to specific intended purchases like holidays and home renovations and would suggest that consumers are moving closer to a situation whereby their level of spending will increase.*

However, issues in the wider economy such as the recent confirmation of average water charges per household may have an impact on this intended spending in the months ahead.”

Savings Index data

Month	Savings Index	Savings Attitudes Index	Savings Environment Index
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
Dec-13	88	101	74
Jan-14	97	111	82
Feb-14	97	110	85
Mar-14	102	104	100
Apr-14	101	105	96

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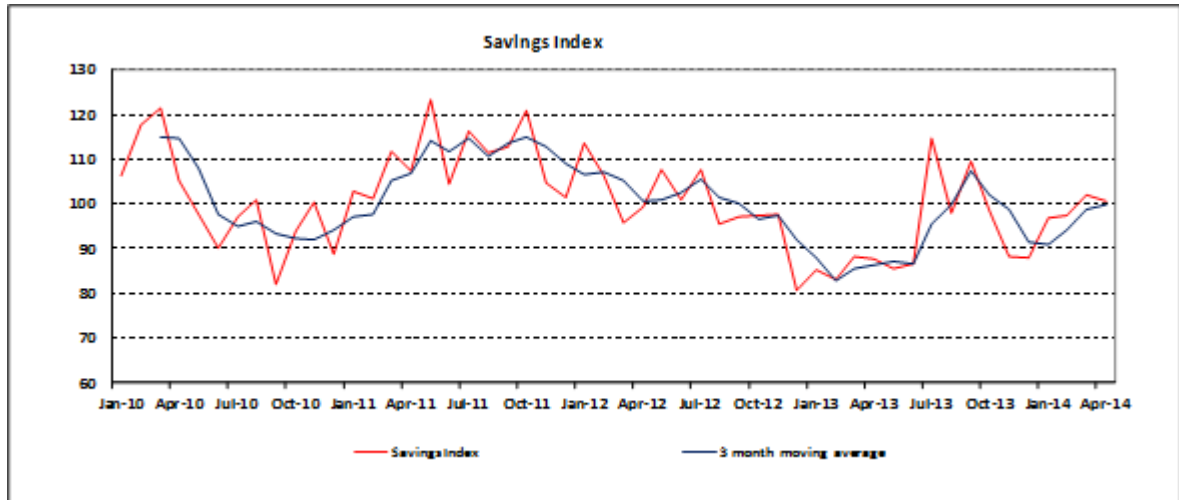
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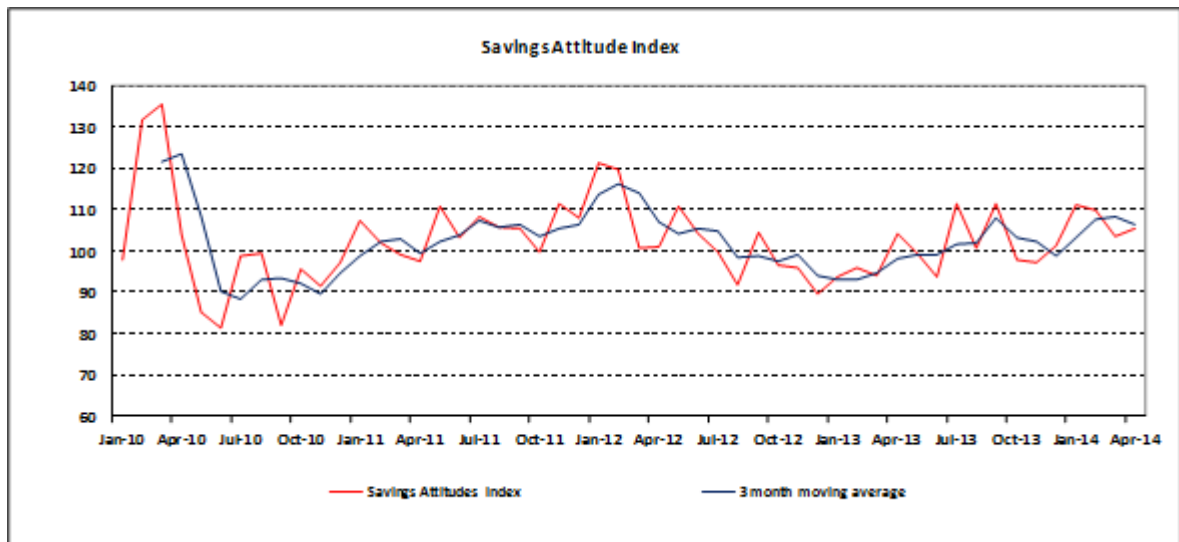
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index overall declined by 1 point to 101 in April from 102 in March.
- The Savings Environment sub-index decreased to 96 from 100 in March.
- The Savings Attitude sub-index increased to 105 from 104 in March.



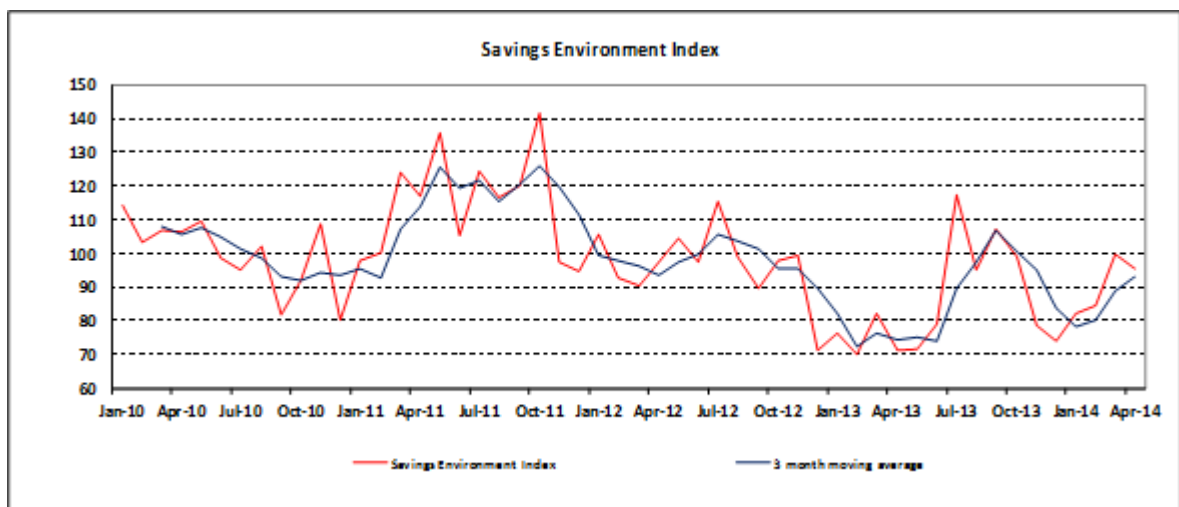
The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- In April, the sub-index increased slightly to 105 as the proportion of people who say they are saving *'about what I think I should'* increased to 48% from 46% last month.
- At the same time, the overall proportion of people who save regularly decreased to 33%, from 34% in March. This decline is more apparent amongst the over 50's with 26% of this group saying they save regularly, a decrease from 30% last month.



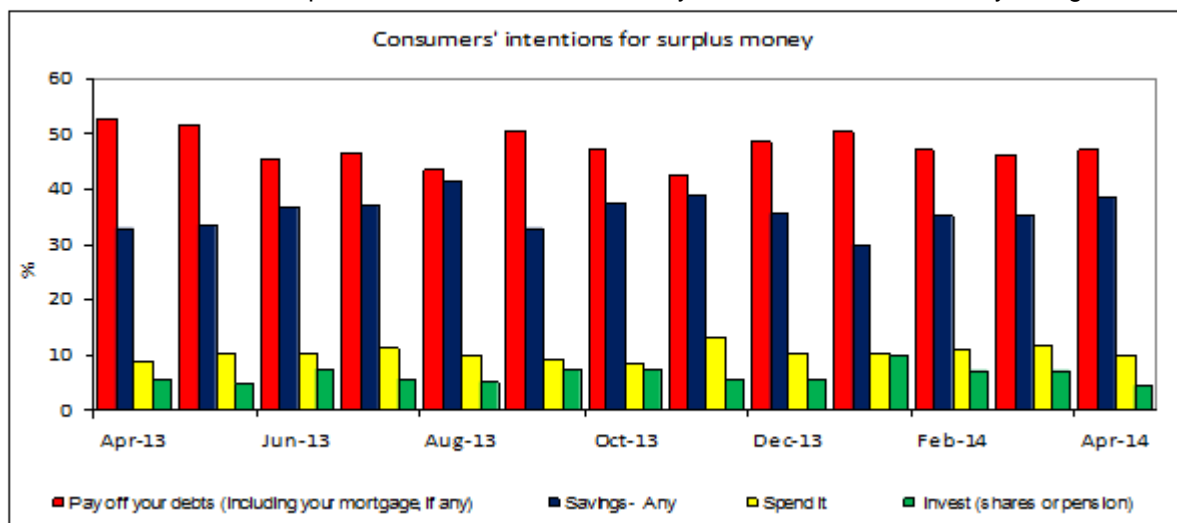
The Savings Environment Index (Graph 3)

- 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 declined to 96, from 100 in March, but is still considerably ahead of the level of 71 recorded in April 2013.
- In April, the proportion of people who believe that now is a good time to save was 26%, a decline from 31% in March. This decline is most apparent in the over 50's age group amongst whom there has been an 11 percentage point decline to 22% expressing the view that now is a good time to save given the current economic situation.
- Overall 60% of people say that government policy is discouraging people from saving. This negativity is also more apparent amongst the over 50's with 67% of this group expressing a negative response to government policy, an increase from 66% last month.



Consumer's intentions for any surplus money (chart 4)

1. When asked about their preference as to how they might allocate any money over and above their everyday needs, 47% of respondents said they would use the surplus to pay off debts including their mortgage, a decline from 53% a year ago; 10% said they would spend it, compared to 9% a year ago; 4% said they would invest it, compared to 6% a year ago. Meanwhile 39% of respondents would save the money, an increase from 33% a year ago.



Reasons for saving

- Amongst those who save regularly or occasionally, the past year has seen a change in what they are saving for.
- The most popular reason for saving is still unexpected expenses with 36% of people saving for this reason, however this is a decrease from 46% a year ago.
- Almost one in five people (19%) are saving for education/training, an increase from 15% a year ago.
- Saving for holidays and buying/renovating homes has also increased in popularity with 14% and 7% saving for these purposes respectively, an increase from 10% and 5% respectively a year ago.

Amount being saved on average per month

- Amongst those who save regularly or occasionally, the past year has also seen a change in the average amount being saved per month.

A year ago, 62% of savers were savings up to €100 per month while 38% were saving more that €100. In April 2014, the proportion of people saving up to €100 has decreased to 54% while the proportion saving more that €100 has increased to 46%.