

Media Release
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Savings Index increases during 2013 as trend in regular saving improves

Nationwide UK (Ireland) / ESRI Savings index unchanged in December

The Nationwide UK (Ireland)/ESRI Savings Index was unchanged in December versus the previous month, however, an increase in regular saving has contributed to a Seven point increase in the overall index versus December 2012.

The Savings Attitudes sub-index, which asks people about their saving behaviour and how they feel about the amount they save, increased by four points to 101 in December and is now 11 points higher than a year ago. This was driven by an increase in the proportion of people who save regularly which now stands at 34%, compared to 32% last month and 30% a year ago.

At the same time, the proportion of people not saving at all declined to 40% in December from 44% in November and 48% a year ago.

The Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving, declined five points to 74 in December. This decrease was driven again by those aged under 50, amongst whom the Saving Environment Sub-Index has declined each month since September.

The proportion of people who believe that now is a good time to save is 24%, just above the record low of 23% recorded in November. Nearly two thirds (64%) of people think that government policy discourages saving while just 8% of people feel that government policy encourages saving.

The latest Savings Index research also shows that 48% of people would use any spare funds available to pay down debt, a slight decrease from 49% in December 2012. At the same time, 10% of people expressed a preference to spend, an increase from 6% in December 2012.

Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said: *"While this month's results are relatively stable and the overall Savings Index has remained unchanged, the Savings Environment Sub-Index has weakened slightly with those aged under 50 in particular continuing to express negative sentiment about the environment for saving."*

Overall, looking at the trend for 2013, the index is seven points higher than a year ago. This improvement is primarily due to a recovery in regular saving which had fallen significantly in 2012; 34% of people now save regularly compared to 30% a year ago.

Meanwhile, the conditions for saving remain difficult due to falling interest rates and increased rates of tax on interest earned. Looking ahead, 2014 will be an interesting year as increased consumer confidence and preference to spend may well play a bigger role in overall saving behaviour."

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Savings Index Data

Month	Savings Index	Savings Attitudes index	Savings Environment Index
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
Dec-13	88	101	74

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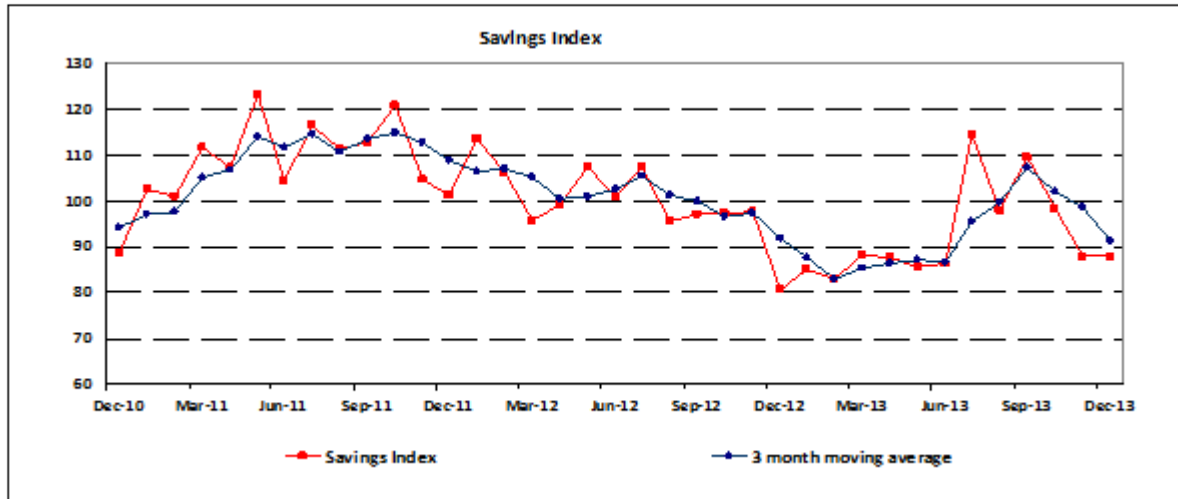
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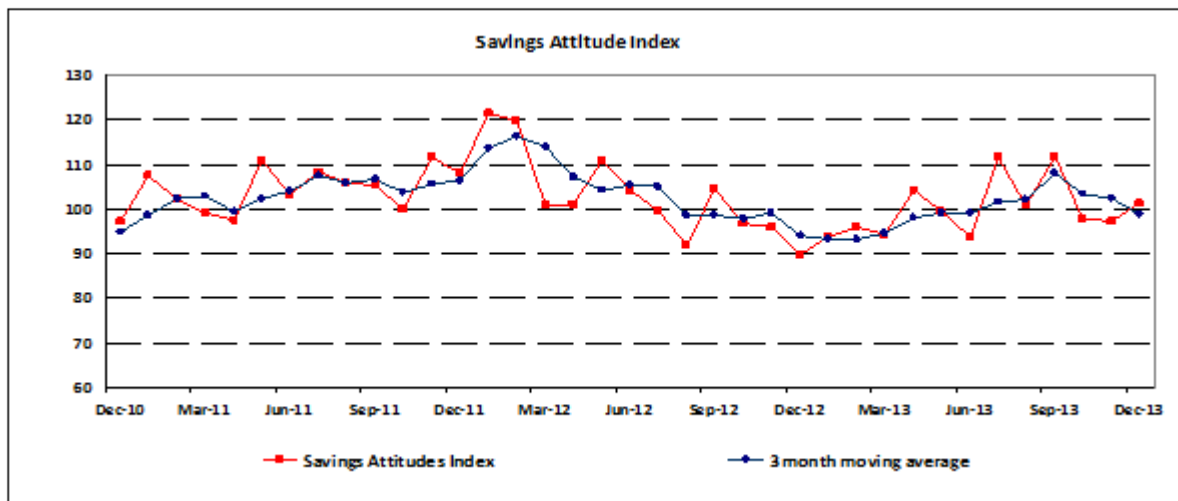
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index remained unchanged at 88 in December versus last month
- The Savings Attitude sub-index increased to 101 in December from 97 in November.
- The Savings Environment sub-index decreased to 74 in December from 79 in November.



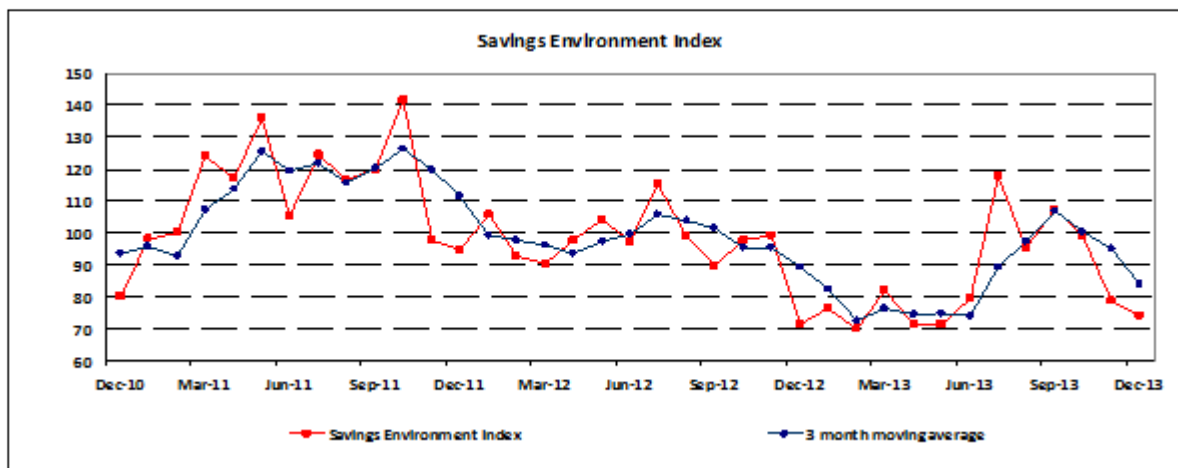
The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- In December, the sub-index increased by 4 points to 101.
- In December, 34% of people said they saved regularly, an increase from 32% in November
- At the same time the proportion of people not saving at all declined to 40% in December from 44% in November.
- 15% of people are happy with the amount they are saving, this is unchanged since November.
- 63% of people are saving less than they think they should, down slightly from 65% in November.
- In terms of ability to save in the future, 11% of people expect to be able to save more than at present while 73% expect to be able to save the same amount; only 16% of people expect to be able to save less than at present.



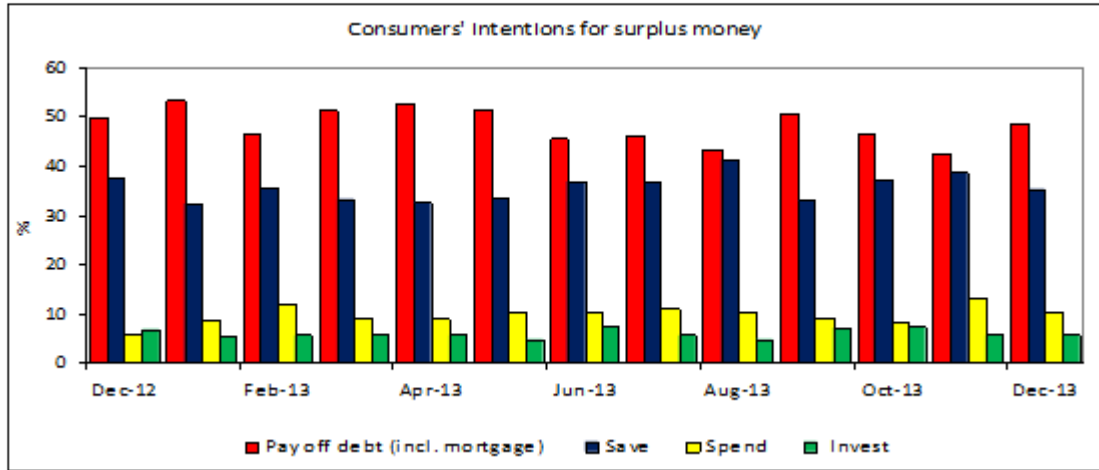
The Savings Environment Index (Graph 3)

- 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 fell to 74 in December from 79 in November.
- This fall was driven by those aged under 50, for whom the savings environment has worsened each month since September.
- The proportion of people who believe that now is a good time to save is 24%, just above the record low of 23% recorded in November.
- Just 8% of people feel that government policy encourages saving while 64% believe government policy discourages saving.



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

- When asked about their preference as to how they might allocate any money over and above their everyday needs, 48% of people said they would use the surplus to pay off debts including their mortgage, this compares to 49% a year ago; 36% would save the money, compared to 38% a year ago; 10% said they would spend it, compared to 6% a year ago; and 6% said they would invest it, compared to 7% a year ago.
- The biggest change since a year ago in terms of preferred use for any spare cash available is an increase in preference to spend it.



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.