

Regular saving on the increase as trends return to 2012 levels

Nationwide UK (Ireland) Savings Index shows preference to spend also increases among consumers

The Nationwide UK (Ireland)/ ESRI Savings Index, which measures overall sentiment towards saving, increased to 102 in July, a seven point increase versus the previous month.

The increase is primarily driven by an 18 point jump in the Savings Attitude Index, one of two sub-indices that make-up the Savings Index. This index, which asks people about their saving behaviour and how they feel about the amount they save, increased to 127 from 109 last month.

In July, the proportion of people saving regularly increased to 41% from 35% last month. This increase is occurring amongst both the over 50s and under 50s age-groups. Since January, the level of regular saving has gradually improved and this month's data represents a return to the normal long-term level of saving amongst consumers and a reversal of a decline which started in autumn 2012.

In addition, 18% of people say they are happy with the amount they are saving, an increase from 17% in June. Furthermore, there has been a reduction in the proportion of people who say they are saving less than they think they should to 56% from 62% the previous month.

However, major concerns remain about whether the current period is a good time to save and whether government policy encourages people to save. The Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving, decreased to 78 from 80 last month and 118 in July 2013. The savings environment index has now been in decline for four consecutive months.

The proportion of people who believe that now is a good time to save fell to 25% in July from 26% last month and 32% a year ago. The proportion of people who say that government policy discourages saving increased to 66% in July from 65% last month and 57% a year ago.

When asked about their preference as to how they might allocate any money over and above their everyday needs, consumers' preference to paying down debt is declining. 40% of people would now use surplus cash to pay off debts, a 6% decrease from last month and 14% said they would spend it, an increase from 13% last month. Meanwhile, 38% of people would save the money, an increase from 34% last month.

Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said: *"The increase in the index this month reflects the improvement in the overall economy. It appears that people have absorbed the impact of the property tax introduced in 2012 and are now rebuilding their personal finances. In normal circumstances approximately 4 out of 10 people will save regularly; this level had fallen to 3 out of 10 during 2013 with many people simply being unable to save as they would like to."*

This month's data suggests that personal finances are improving with regular saving increased to normal levels. A further positive dynamic is the change in preferred use for spare funds. Preference to pay down debt is declining while more people say they would spend, which may well translate to an increase in retail sales.

ENDS

Savings Index data

Month	Savings Index	Savings Attitudes index	Savings Environment Index
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
May-14	102	109	95
Jun-14	95	109	80
Jul-14	102	127	78

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.

For media queries or interview opportunities, please contact:

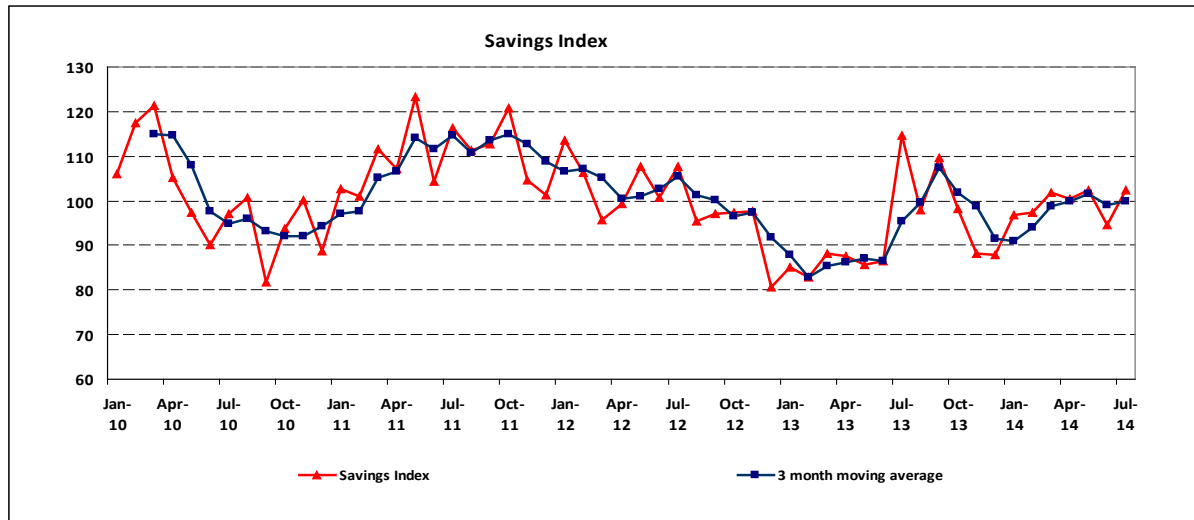
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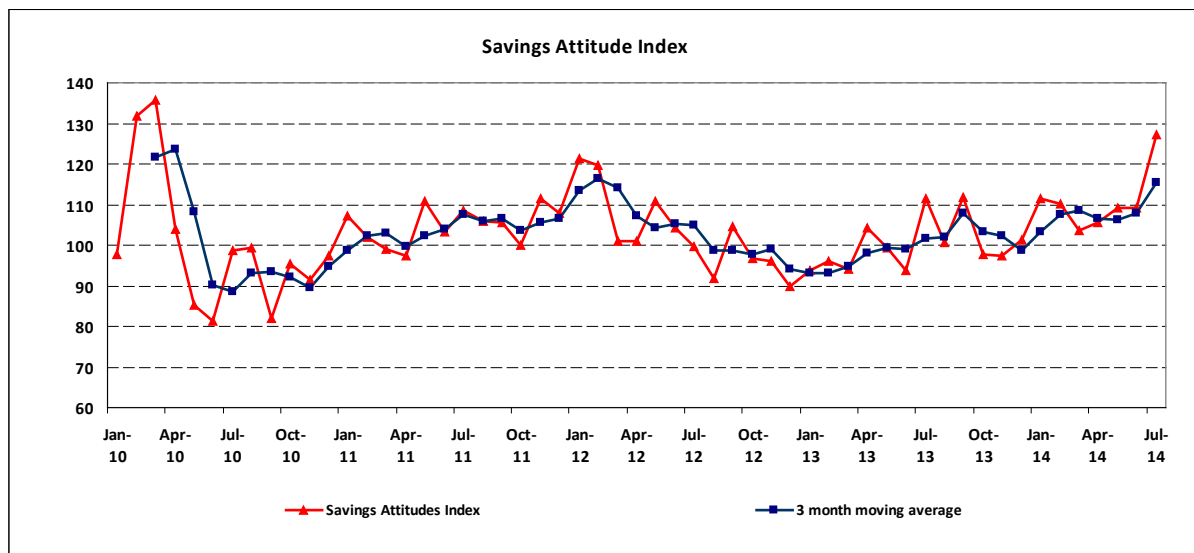
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index increased in July to 102, from 95 in June. The three-month moving average increased to 100 from 99.
- The Savings Attitude sub-index increased significantly to 127 from 109 in June. The three-month moving average increased 115 in July from 108 last month.
- The Savings Environment sub-index decreased for the fourth consecutive month in July to 78 from 80 in June.



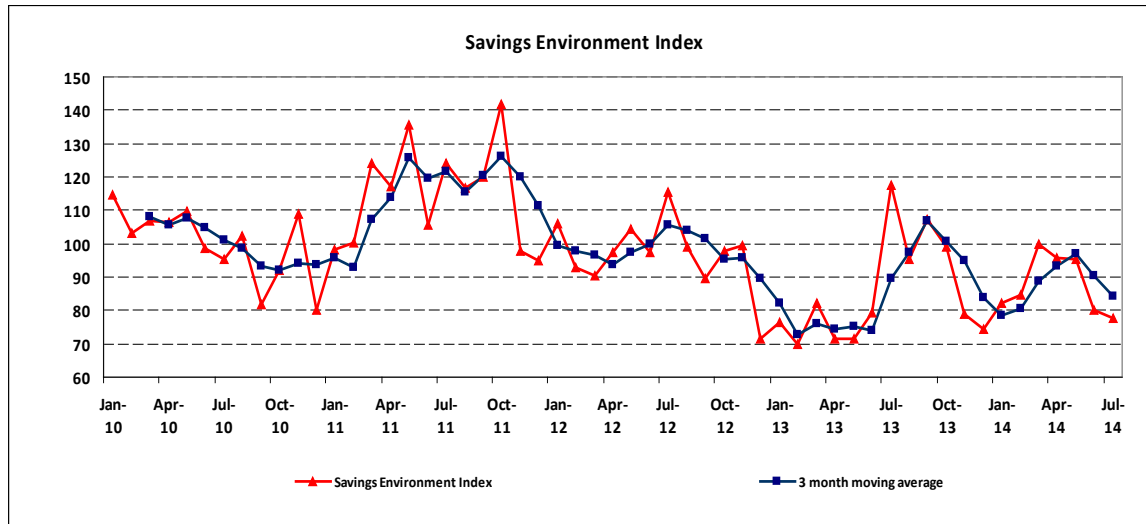
The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- In June, the sub-index increased to 127 from 109 last month. The three-month moving average increased to 115 from 108 last month.
- The proportion of people who save regularly increased to 41% from 35% last month. This increase is happening amongst both the over 50's and under 50's. The decline in regular saving which started in autumn 2012 has now been fully reversed and it appears that the long term normal incidence of regular saving has been restored.
- At the same time, 18% of people say they are happy with the amount they are saving, an increase from 17% in June. Meanwhile, there has been a reduction in the proportion of people who say they are saving less than they think they should to 56% from 62% last month.



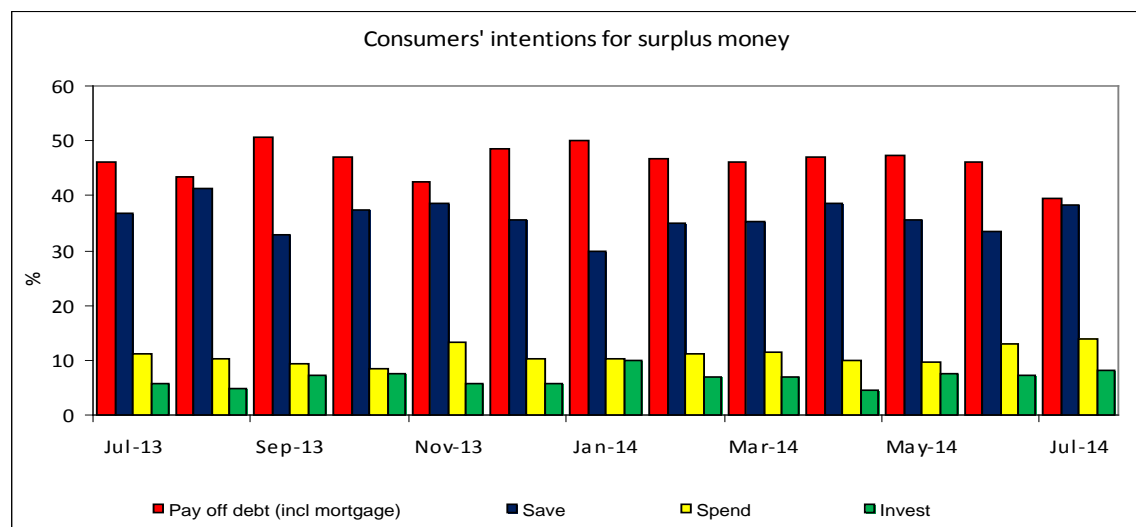
The Savings Environment Index (Graph 3)

- 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 78 in July compared to 80 in June and 118 a year ago. The three-month moving average also decreased to 84 from 90 last month. The savings environment index has now been in decline for four consecutive months.
- The proportion of people who believe now is a good time to save fell in July to 25% from 26% last month and 32% a year ago. The proportion of people who say that government policy discourages saving increased to 66% in July from 65% last month and 57% a year ago.



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, 40% report that they would use the surplus to pay off debts including their mortgage, a decrease from 46% last month; 14% said they would spend it, an increase from 13% last month; 8% said they would invest it, an increase from 7% last month. Meanwhile 38% of people would save the money, an increase from 34% last month.



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.