

Savings Index declines as consumers believe now is a bad time to save

Increase in preference to spend when spare funds are available

The Nationwide UK (Ireland)/ ESRI Savings Index, which measures overall sentiment towards saving, decreased to 95 in June, a seven point decrease versus the previous month.

The Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving decreased to 80 from 95 last month. This decline can be attributed to the proportion of people who think the economic situation is worsening for savers with 43% of people saying that now is a bad time to save. This sentiment is particularly felt among the over 50's with 46% outlining this view, a seven percentage point increase from last month.

At the same time, the proportion of people who believe that now is a good time to save fell to 26% in June compared to 33% last month. The proportion of people who view government policy as discouraging to saving increased further in June to 65% which compares to 57% a year ago.

The Savings Attitude sub-index, which asks people about their saving behaviour and how they feel about the amount they save remained unchanged at 109, however the three-month moving average increased slightly to 108 from 106 last month.

In June, the proportion of people saving regularly increased to 35% from 33% last month and 32% a year ago.

In addition, the proportion of people who say they are happy with the amount they are saving increased to 17% in June compared to 14% a year ago. This increase is driven by those aged under 50 with 17% in this group saying they are happy with the amount they are saving, an increase from 12% a year ago. Looking ahead, 94% of people expect to be able to save the same amount or more in six months time, a ten percentage point increase from June 2013.

When asked about their preference as to how they might allocate any money over and above their everyday needs; 34% said they would save the money, a decline from 36% last month and 13% said they would spend it, an increase from 10% last month. However, there has also been an increase in the amount people are saving each month with 53% of people saying on average, they save more than €100 a month compared to 46% a year ago.

Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said: *"The decline in the Savings Index this month is not unexpected. While personal attitudes towards savings remain strong with more people saving regularly, issues in the wider environment, like low interest rates and a high rate of tax on interest earned, are driving increased negative sentiment.*

As the financial health of the economy improves and fear of budget cuts, tax increases and further economic shocks recede, we are seeing that more people are saving with specific purchases in mind as opposed to saving with a precautionary motive. We are also seeing an increase in preference to spend any spare funds available which may translate to an increase in consumer spending. Overall, these are positive trends in re-establishing a normal saving and spending pattern in the economy."

Ends

Savings Index data

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

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:

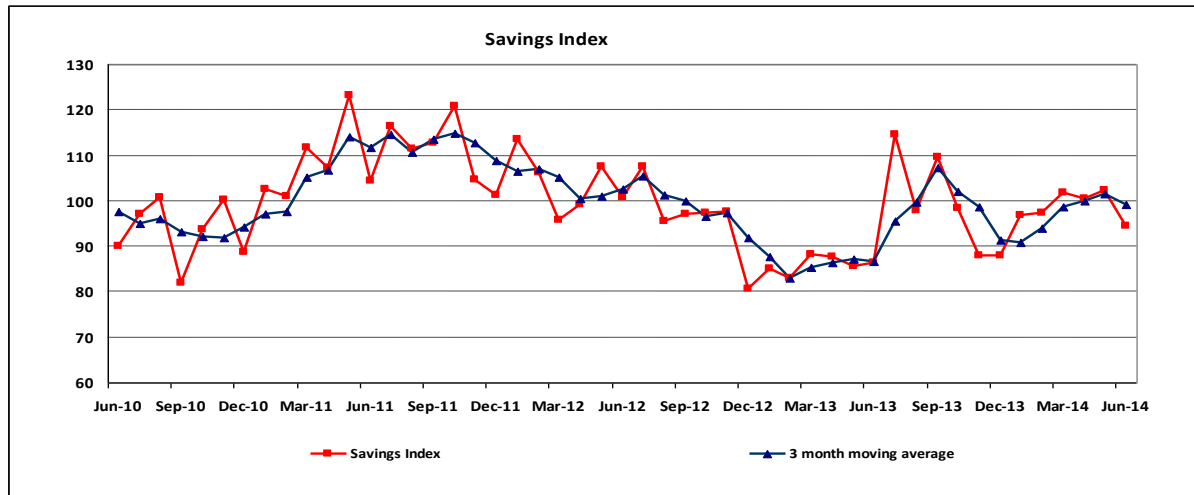
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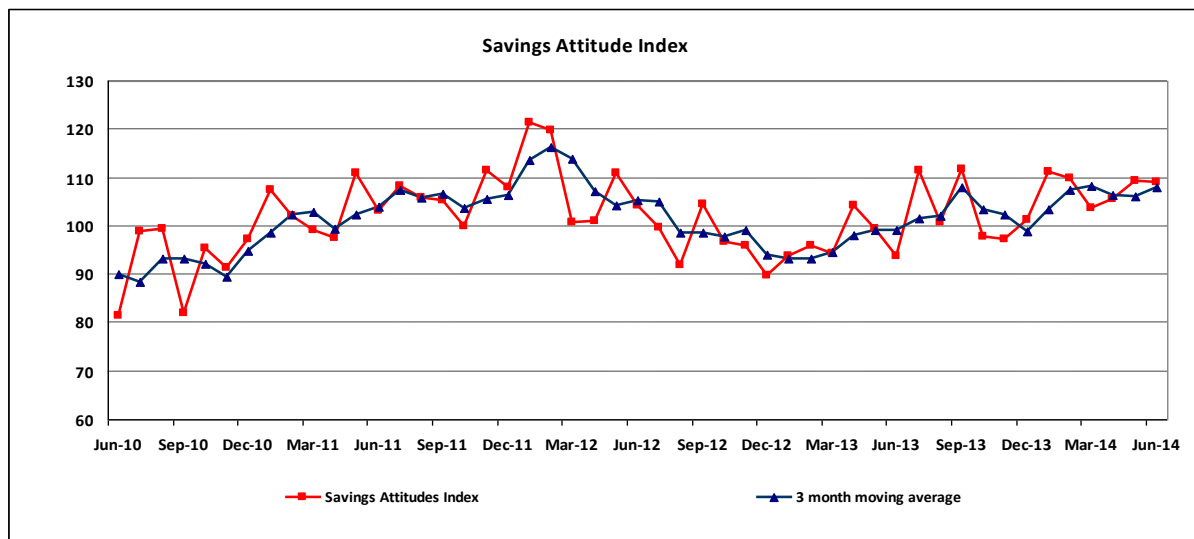
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index decreased in June to 95, from 102 in May. The three-month moving average also decreased to 99 from 102.
- The Savings Attitude sub-index remained unchanged versus last month at 109.
- The Savings Environment sub-index decreased to 80 from 95 in May.



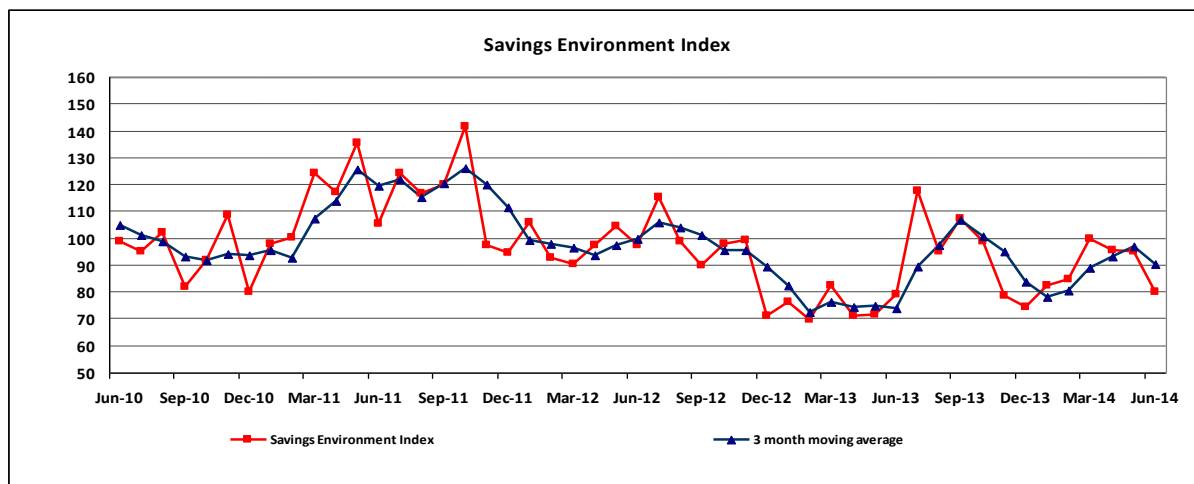
The Savings Attitude Index (Graph 2)

- 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 remained unchanged at 109. The three-month moving average increased slightly in June to 108 from 106 last month.
- The proportion of people saving regularly increased to 35% in June from 33% last month and 32% a year ago; 39% of those aged under 50 are now saving regularly, an increase from 36% a year ago while 29% of those aged over 50 are saving regularly, an increase from 26% a year ago.
- The proportion of people who say they are happy with the amount they are saving increased to 17% in June compared to 14% a year ago. This increase is driven by those aged under 50. In this age group, 17% say they are happy with the amount they are saving, an increase from 12% a year ago.
- There is also increased optimism about ability to save in the future; overall, 94% of people expect to be able to save the same amount or more in six months time, an increase from 84% a year ago.



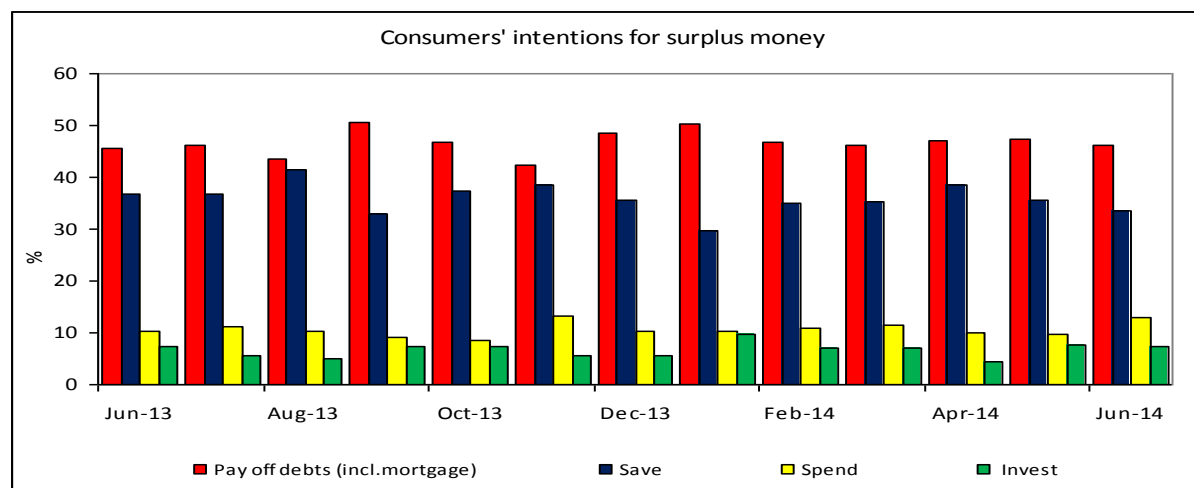
The Savings Environment Index (Graph 3)

- 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 80 in June, from 95 last month. The three-month moving average also decreased to 90 in June from 97. This is the third consecutive monthly decline in the Environment Index.
- In June there has been an increase in the proportion of people who think the economic situation is worsening for savers; 43% of people overall and 46% of over 50's say that now is a bad time to save. This compares to 39% last month for both groups.
- At the same time, the proportion of people who believe now is a good time to save fell to 26% in June compared to 33% last month.
- The proportion of people who view government policy as discouraging to saving increased further in June to 65%. This compares to 63% last month and 57% a year ago. This negative is consistent across those aged under 50 and over 50.



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, the largest share of respondents, 46%, said that they would use the surplus to pay off debts including their mortgage, a decline from 47% last month; 34% said they would save the money, a decline from 36% last month; 7% said they would invest it, a decline from 8% last month while 13% would spend it, an increase from 10% last month.



How much on average are people saving each month and what are they saving for

- There has been an increase in amount people are saving each month. In June, 53% of people say that on average, they save more than €100 a month compared to 46% a year ago.
- A precautionary motive is still the most popular reason for saving with 40% of people saying they are saving for unexpected expenses compared to 42% a year ago. Other reason for saving are holidays at 15% compared to 10% a year ago; large consumer purchase, 12% compared to 7% a year ago; education and training, 11% compared to 19% a year ago and buying or renovating a home, 9% compared to 5% a year ago.