

**Media Release**

**Monday 7th April 2014**

## **Over 50's positivity on savings environment drives increase in Savings Index**

**March's Nationwide UK (Ireland) Savings Index shows a third of under 50's do not save at all**

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

The Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving increased to 100 in March from 85 last month. Just under a third (31%) of people believe that now is a good time to save, an increase from 28% last month. The increase is felt among all age groups but is most apparent amongst those aged over 50 where a third (33%) say that now is a good time to save, a seven point increase versus last month.

Negativity towards government policy on saving has eased somewhat in March with 59% of consumers saying that government policy discourages saving and although this is a high level of dissatisfaction, it is a decline from the 64% recorded last month. At the same time just one in ten (11%) of people express the view that government policy encourages saving.

The Savings Attitude sub-index, which asks people about their saving behaviour and how they feel about the amount they save, declined by six points to 104. Despite this decrease the Savings Attitude sub-index is still 10 points ahead versus last year.

The proportion of people not saving at all increased for the second consecutive month to 42% from 38% last month and 36% in January. The decline in regular savings is most apparent among those aged under fifty with 37% of this group not saving at all, an increase from 30% last month.

Consumers were also asked about their preference as to how they might allocate any money over and above their everyday needs. The largest share, 46% of people, would use surplus cash to pay off debts including their mortgage; a decrease from 51% in March 2013. Meanwhile, 35% would save the money, up slightly from 33% a year ago.

**Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said:** *"The overall index increased in March and there are a number of diverging views that are contributing. Those aged over 50 have been most severely impacted by the low interest rate environment and increases in deposit tax and have previously expressed a higher level of dissatisfaction about the saving environment. However this month this age group is more positive overall and it is their responses that are driving the overall increase.*

*An increasing proportion of those aged under 50 say they are not saving regularly as there is no money left after paying for necessities."*

**Savings Index data**

Month	Savings Index	Savings Attitudes index	Savings Environment Index
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
Jan-14	97	111	82
Feb-14	97	110	85
Mar-14	102	104	100

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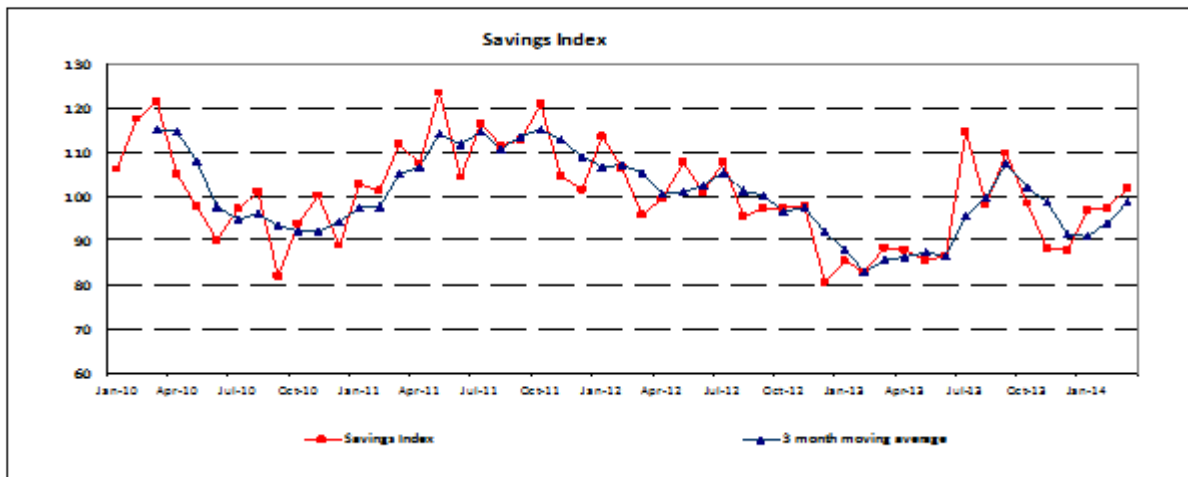
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#### **The Nationwide UK (Ireland) Savings Index (Graph 1)**

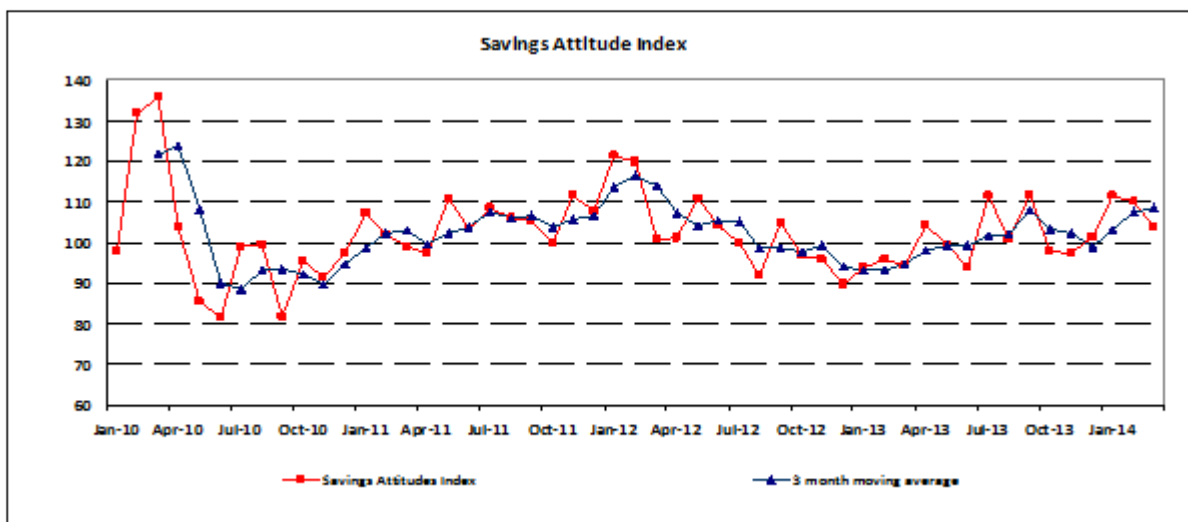
- The Savings Index increased in March to 102 from 97 in February.
- The Savings Environment sub-index increased to 100 in March from 85 in February.

- The Savings Attitude sub-index decreased to 104 from 110 in February.
- The increase in the index this month is driven by the Economic environment as more people think that the economic conditions for saving are improving.



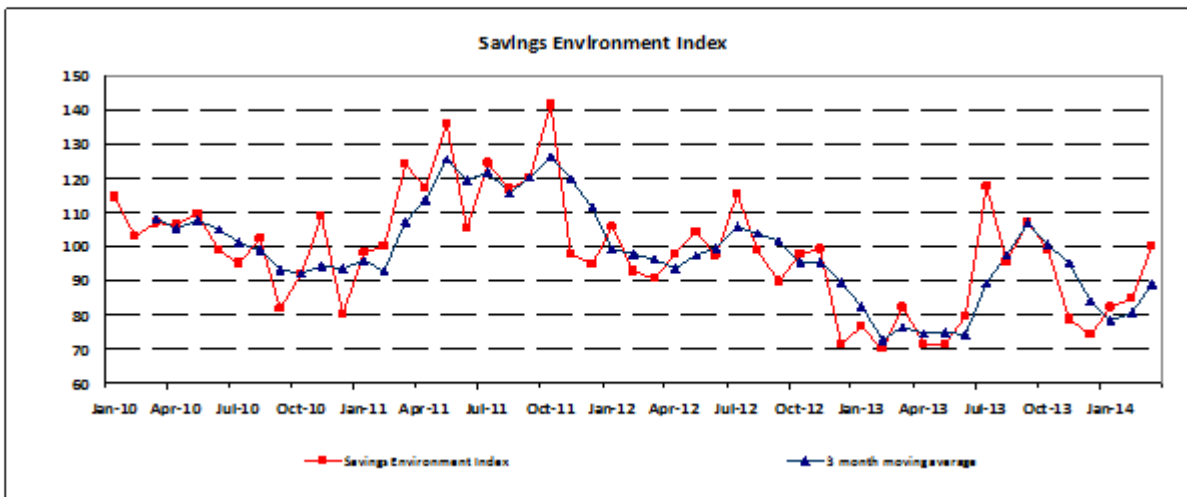
### The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- In March, the Savings Attitude sub-index stands at 104, a decrease of 6 points versus last month but still 10 points ahead versus this time last year.
- The proportion of people not saving at all increased for the second consecutive month, up to 42% from 38% last month and 36% in January.
- This decline in regular savings is most apparent amongst those aged under fifty. In this group 37% say they are not saving at all, an increase from 30% last month.
- Amongst those aged over fifty, there has been a slight increase in the proportion saving regularly to 30% from 28% last month.
- Overall, 15% of people say they are happy with the amount they are saving, a slight decrease versus 16% last month.
- Overall, 14% of people think they will be able to save more in six months time, a decrease from 17% last month.



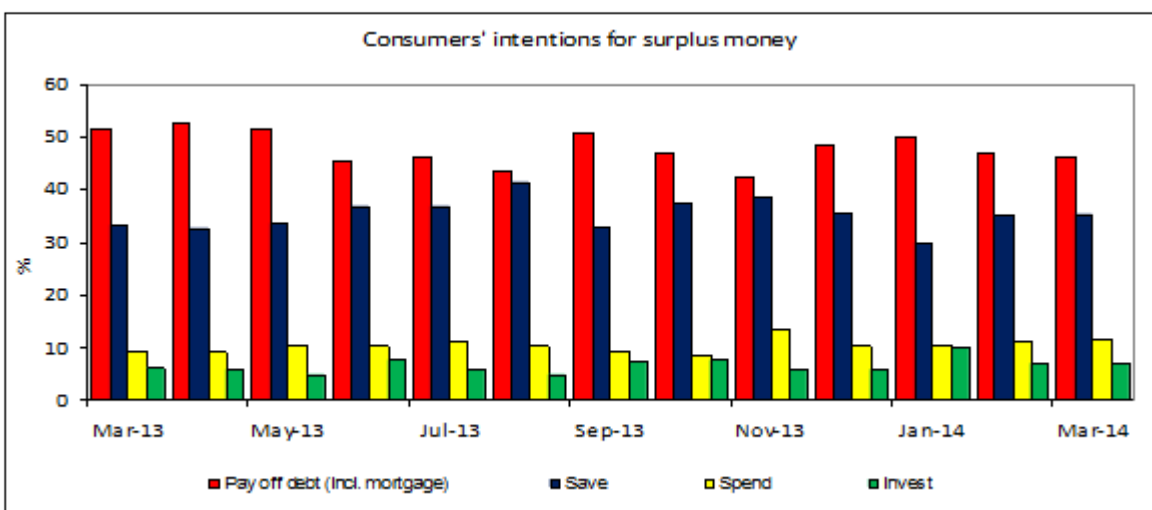
### The Savings Environment Index (Graph 3)

- 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 sub-index increased to 100 in March from 85 in February and 82 a year ago.
- 31% of people believe that now is a good time to save, an increase from 28% last month. This increase is apparent amongst all age groups. 29% of those aged under fifty and 33% of those aged over fifty think that now is a good time to save. These values are increases of one and seven percentage points respectively versus last month.
- Negative sentiment towards government policy on saving, which has been apparent for a number of months has eased somewhat in March. While 59% of people now say that government policy discourages saving, this is a decrease from 64% last month; However, only 11% of people express the view that government policy encourages saving.



#### Consumers intentions for any surplus money (graph 4)

- When asked about their preference as to how they might allocate any money over and above their everyday needs, 46% of people would use the surplus to pay off debts including their mortgage, a decrease from 51% this time last year; 12% would spend it, an increase from 9% a year ago; 7% would invest it, up slightly from 6% a year ago. Meanwhile 35% would save the money, up from 33% 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.