

## Consumers more confident in ability to save

### Nationwide UK (Ireland) Savings Index shows a third of consumers save regularly but negativity around government policy still apparent

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

The Savings Attitude sub-index, which asks people about their saving behaviour and how they feel about the amount they save, has been gradually trending upwards since the start of 2013.

In May, this sub-index increased to 109 due to the continuing increase in the proportion of people who are now saving regularly and a decrease in the proportion of people not saving at all. One in three of consumers (33%) now say they save regularly, this compares to 28% a year ago while the incidence of not saving has fallen to 41% a decrease of 3 percentage points compared to May 2013.

The increases in regular saving is apparent across all age groups with 33% of the under 50's now saving regularly compared to 28% a year ago and 31% of over 50's now saving regularly, a 3 percentage point increase from this time last year.

The Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving decreased to 95 from 96 in April. This decline can be attributed to the negative sentiment towards government policy on saving. This negatively is particularly apparent in the over 50's with just 5% of over 50's saying that government policy encourages saving.

However despite this negativity towards government policy, an increasing proportion of people have expressed the view that now is a good time to save. During this month, one third of people say that now is a good time to save, an increase from 27% a year ago.

Consumers were also asked about their preference as to how they might allocate any money over and above their everyday needs. The largest share, 47% of people, would use surplus cash to pay off debts including their mortgage; a decrease from 52% in May 2013. Meanwhile, 36% would save the money, up slightly from 34% a year ago.

**Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland) said:** *"During 2014 so far the Savings Index overall has been at its most stable since 2010. This reflects the relative stability in the economy but there are diverging influences underlying the overall trend.*

*We are seeing an increase in the proportion of people who are saving regularly and an increasing level of agreement that now is a good time to save despite the unfavourable market conditions for saving. There is however a recurring negative theme around government policy towards saving; this is unlikely to change in the short term and the reduction in the ECB base rate announced last week will be a further blow for savers when the reduction is reflected in retail deposit rates. "*

**ENDS**

## Savings Index data

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

### 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:

Natalie Tennyson, Pembroke Communications

Tel: 01 649 6340 / 083 127 1277

E: [Natalie.tennyson@pembrokecomms.ie](mailto:Natalie.tennyson@pembrokecomms.ie)

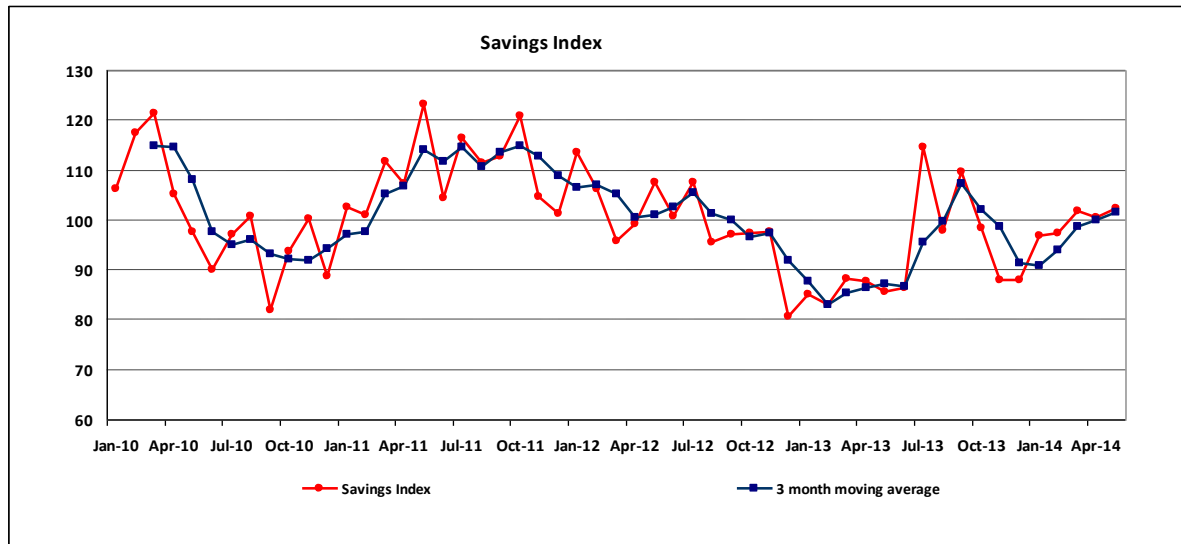
Alan Tyrrell, Pembroke Communications

Tel: 01 649 6334 / 087 850 8673

E: [Alan@pembrokecomms.ie](mailto:Alan@pembrokecomms.ie)

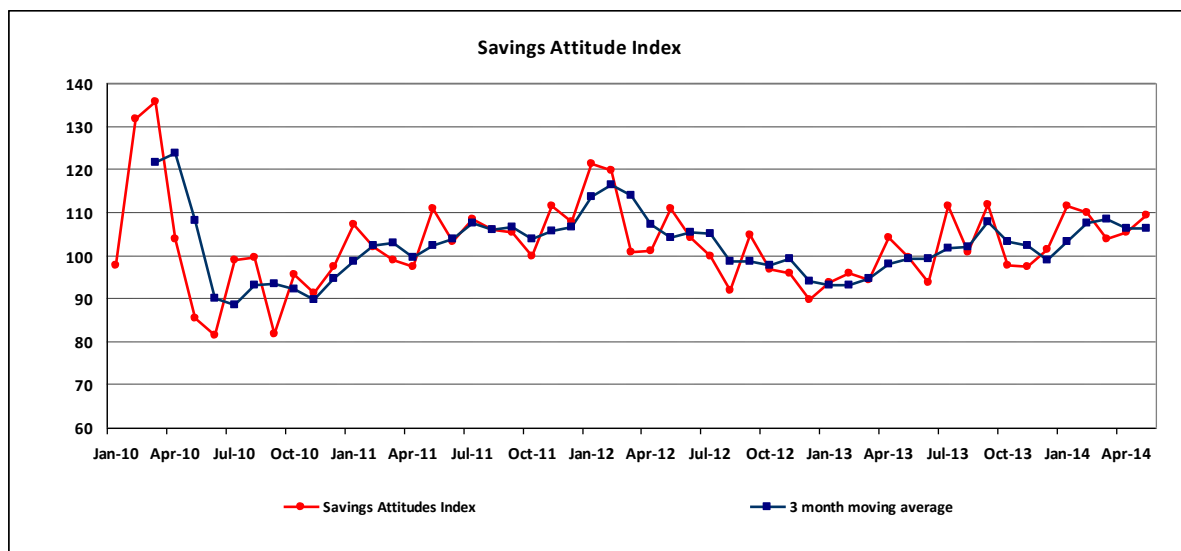
## The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index increased slightly in May to 102, from 101 in April. The three-month moving average increased from 100 to 102.
- The Savings Attitude sub-index increased to 109 from 105 in April.
- The Savings Environment sub-index decreased to 95 from 96 in April.



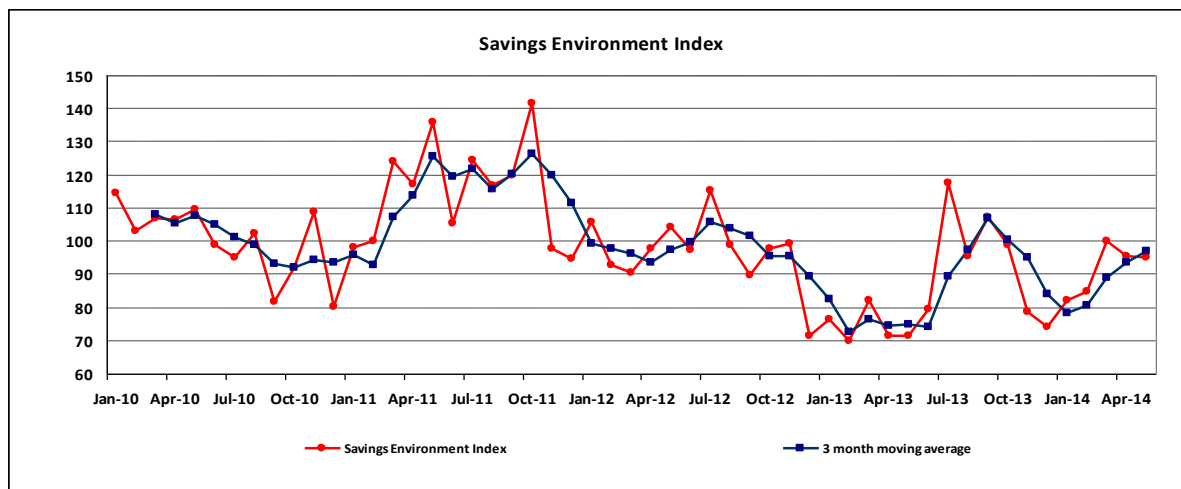
## The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save. This sub-index has been trending upwards since the start of 2013.
- In May, the sub-index rose to 109 due to the continuing increase in the proportion of people who are saving regularly and a decrease in the proportion of people not saving at all.
- One in three people, 33%, now say they save regularly, compared to 28% a year ago while the incidence of not saving has fallen to 41% compared to 44% a year ago.
- This increase in regular saving is apparent across all age groups. Amongst the under 50's 33% are now saving regularly compared to 28% a year ago; amongst the over 50's, 31% are now saving regularly compared to 28% a year ago.
- When asked about the amount they save, 17% of people said they are happy, compared to 15% a year ago while 61% are unhappy, also a slight increase from 59% a year ago.



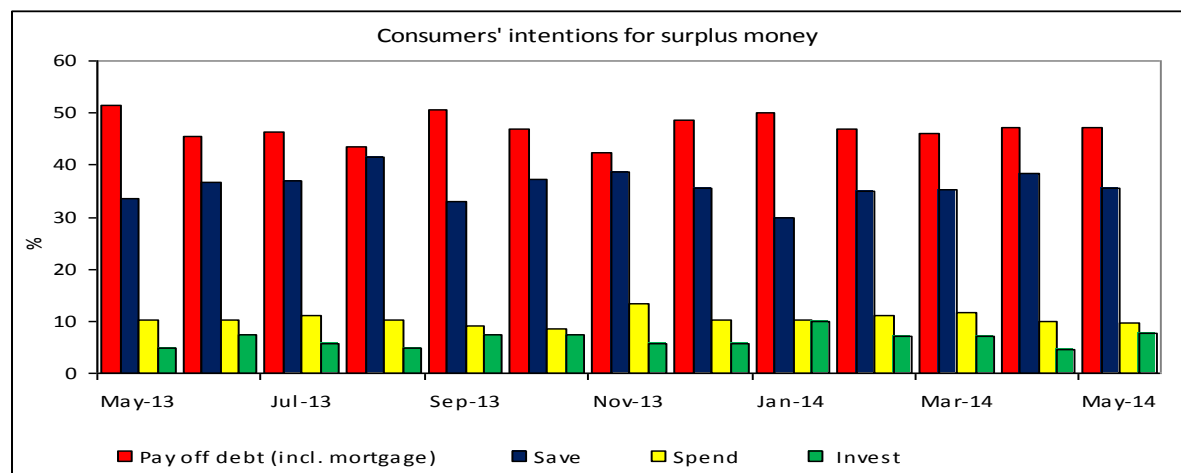
### The Savings Environment Index (Graph 3)

- 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 sub-index declined to 95 from 96 in April. The main source of the decline in this measure is continued negative sentiment towards government policy on saving. In May, only 9% of people overall and 5% of over 50's say that government policy encourages saving. This compares to 63% overall and 65% of those aged over 50's who say that government policy discourages saving.
- Despite this negativity towards government policy, an increasing proportion of people express the view that now is a good time to save. In May, 33% of people say that now is a good time to save, an increase from 27% a year ago. This positivity is present among both the over 50's and the under 50's



### 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, 47% of people said they would use the surplus to pay off debts including their mortgage, a decrease from 52% a year ago; 10% said they would spend it, the same proportion as last year; 8% said they would invest it, an increase from 5% a year ago and 36% would save the money, an increase from 34% 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.