

Savings Index experiences sharp decline in October

The Nationwide UK (Ireland) / ESRI Savings Index, which measures overall sentiment towards saving, decreased to 94 in October, down 20 points on last month.

The overall decrease is driven by both the Savings Environment sub-index, which decreased by 21 points, and the Savings Attitude index, decreasing by 19 points in October.

The Savings Attitude sub-index, which asks respondents about their saving behaviour and how they feel about the amount they save, decreased to 107 in October from 126 in September.

The proportion of people saving regularly decreased to 32% from 37% last month, the lowest level recorded since August 2013. The decline is most apparent among the over 50's with 51% of these groups not saving at all in October, up from 43% in September. At the same time, 62% of people are dissatisfied with the amount they are saving, an increase from 56% last month. This increase in dissatisfaction is reflected across younger and older age groups.

However, optimism for the future remains strong with 94% of people saying that in six months' time, they expect to be able to save the same amount or more than they do at present.

Meanwhile, the Savings Environment sub-index, which asks if people believe that the current period is a good time to save and whether they think government policy encourages people to save, fell to 81 in in October from 102 in September.

The main driver of the decline in this sub-index is the negative consumer response to government policy with 65% of people expressing the view that it discourages saving, an increase from 57% last month. At the same time, there has been a decline in the proportion of people who think that government policy encourages saving, falling to 6% from 10% last month. This trend is reflected across all age groups, but is more strongly expressed by those aged over 50 with 69% of this age group expressing a negative view.

In addition, the proportion of people who believe now is a bad time to save increased in October to 40% from 36% last month.

When asked about their preference as to how they might allocate any money over and above their everyday needs, the proportion of people who said they would use the surplus to pay off debts, including their mortgage, fell to 45% from 48% in September. A further 9% said they would spend it, down from 11% last month it; 7% per cent said they would invest it, the same as last month. The proportion of people who would choose to save the money increased to 39% in October from 34% last month.

ENDS

Savings Index data

Month	Savings Index	Savings Attitudes index	Savings Environment Index
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
Aug-14	97	112	82
Sep-14	114	126	102
Oct-14	94	107	81

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.

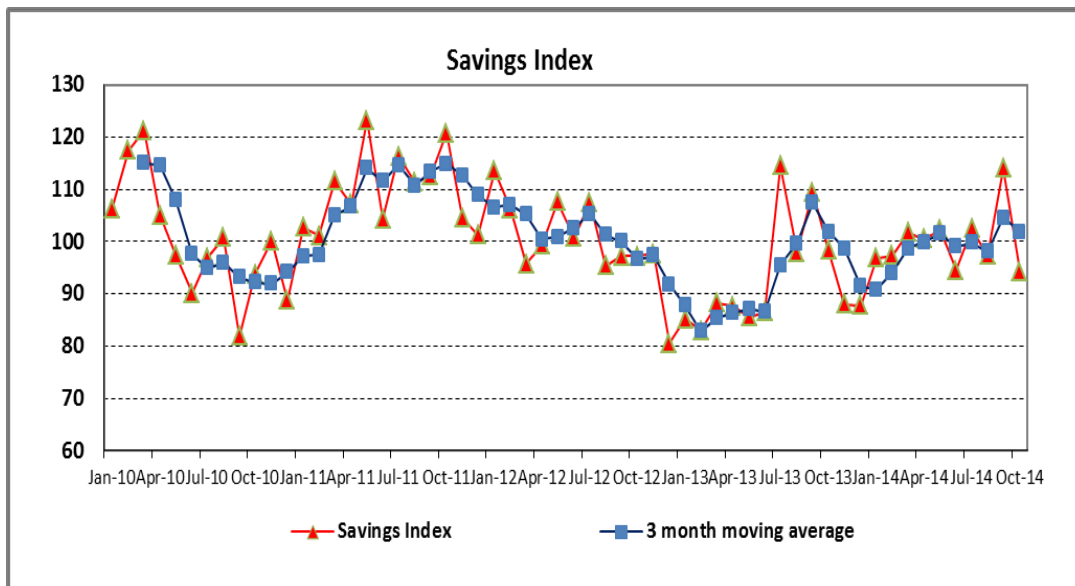
Note: Prior to January 2011 the Nationwide (UK) Ireland Savings Index was constructed using quarter one, 2010 as its base period. From January 2011, The Index has been rebased using the year 2010 as the base period. The method for calculating the savings attitudes sub-index has been altered to reduce 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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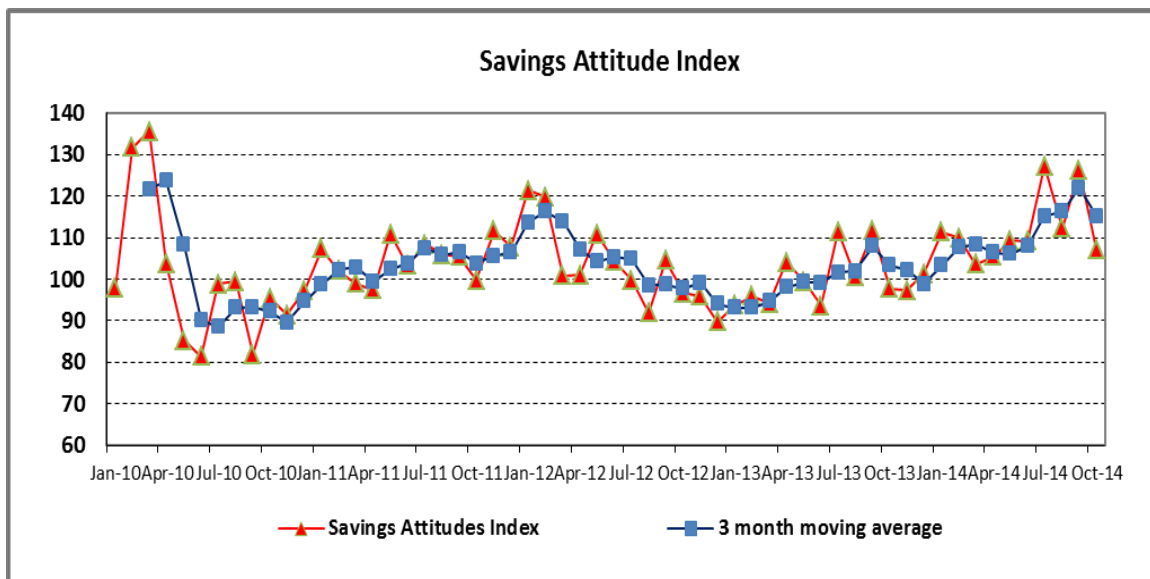
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index decreased by 20 points in October to 94, from 114 in September.
- The Savings Environment sub-index decreased in October to 81 from 102 in September.
- The Savings Attitude sub-index decreased from 126 in September to 107 in October.



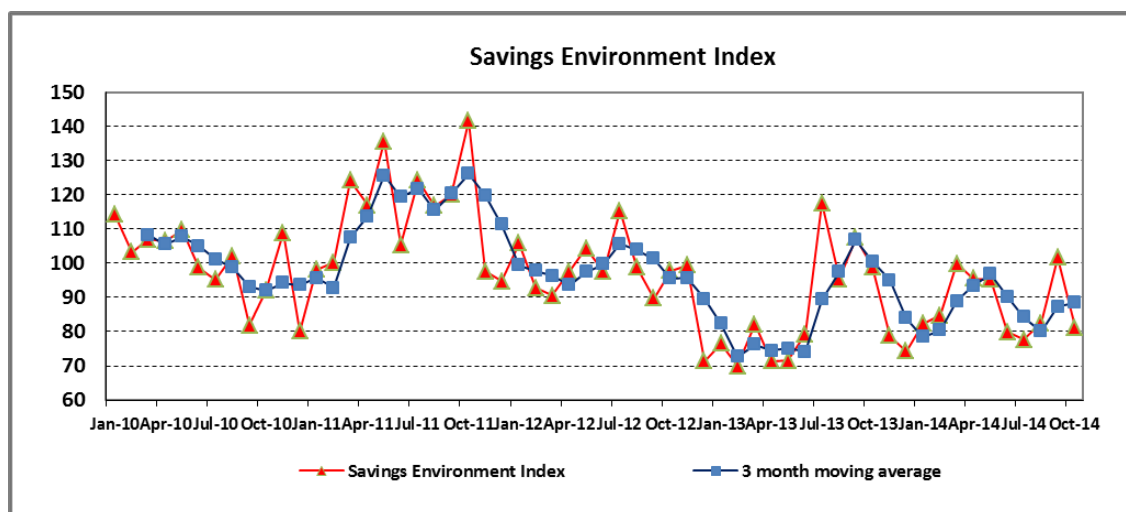
The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks people about their saving behaviour and how they feel about the amount they save.
- In October, this sub-index fell to 107 from 126 in September. The three-month moving average decreased to 115 in October from 122 in September.
- The proportion of people savings regularly decreased to 32% from 37% last month, the lowest level recorded since August 2013. This decline is most apparent amongst the over 50's with 51% of these groups not saving all in October, which is an increase from 43% last month.
- At the same time, 62% of people are dissatisfied with the amount they are saving, an increase from 56% last month. This increase in dissatisfaction is reflected across younger and older age groups.
- Optimism for the future remains strong though with 94% of people saying they expect to be able to save the same amount or more than at present in 6 months' time.



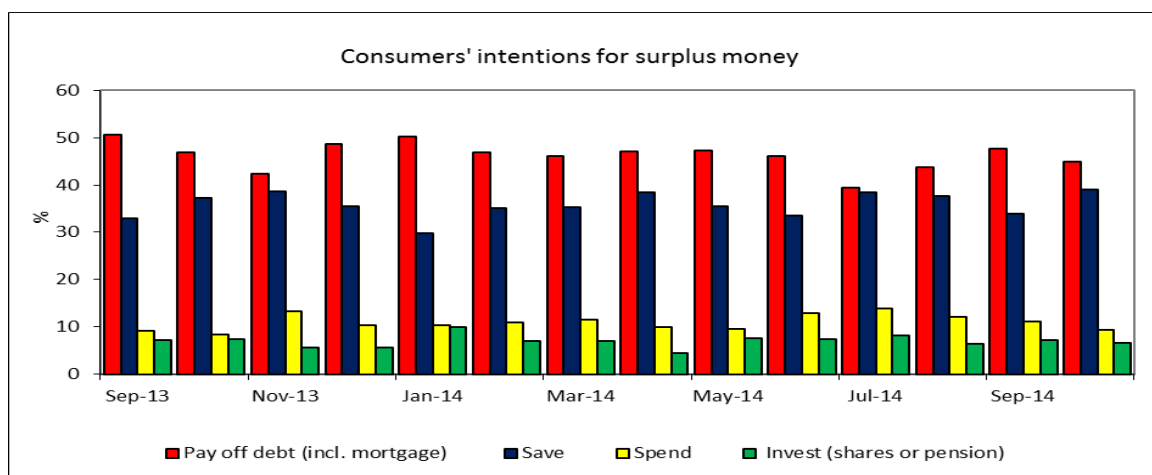
The Savings Environment Index (Graph 3)

- The Savings Environment sub-index asks if people 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 81 in October from 102 in September.
- The main driver of the decline in the sub-index is consumer response to government policy with 65% of people expressing the view that government policy discourages saving, an increase from 57% last month. At the same time there has been a decline in the proportion of people who think that government policy encourages saving to 6% from 10% last month. This trend is reflected across all age groups but is more strongly expressed by those aged over 50 with 69% of this age group expressing a negative view.
- In addition, the proportion of people who believe now is a bad time to save increased in October to 40% from 36% last month. This opinion is most apparent amongst those aged under 50 with 38% of this age group saying now is a bad time to save, an increase of 6 percentage points since last month.



Consumer's 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. The proportion of people, who said they would use the surplus to pay off debts, including their mortgage, fell to 45% from 48% in September. A further 9% said they would spend it, down from 11% last month; 7% per cent said they would invest it, the same as last month. The proportion of people who would choose to save the money increased to 39% in October 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.