

*Media Release - May 11<sup>th</sup> 2010*

## **Consumer Sentiment towards Saving Declines in April 2010**

### **Nationwide UK (Ireland) launches Savings Index in association with the ESRI**

Nationwide UK (Ireland), a branch of the world's largest building society, has partnered with the Economic and Social Research Institute (ESRI) to produce a monthly Savings Index for the Republic of Ireland.

The index is based on consumer research and consists of a number of different indices including an Overall Savings Index, an Importance of Saving Index, and a Savings Environment Index. The Index uses January – March of 2010 as a base. Updated data will be published monthly on [www.nationwideuk.ie](http://www.nationwideuk.ie).

The first Savings Index shows a 7 point decline overall. This is driven by a decrease in the number of people saving regularly from 44 % in March to 41 % in April and an increase in the percentage of people not saving at all from 23 % to 26 % in the same period.

Irish consumers have also expressed negative sentiment about the amount they are able to save at present due to the prevailing economic conditions. This is illustrated by the fact that the number of people who think that the current economic conditions represent a good time to save decreased from 34 % in March to 31 % in April.

Commenting on the first report Brendan Synnott, Managing Director of Nationwide UK (Ireland) said *"It is important to put the index and this month's findings in context. The Saving Index is starting from a very high base. In the past 18 months there has been an upsurge in positive sentiment towards savings, mainly due to uncertainty about other investment options. In the months ahead we expect the index to respond, for example, to changes in the economic outlook and interest rates. This month's findings show that most people think it is important to save regularly but this is not translating directly to behaviour for some as there has been a decline in the number of people who save regularly"*.

Commenting on Nationwide UK (Ireland)'s reasons for launching a Saving Index, Synnott, said, *"As a relatively new direct savings provider to the Irish Market, we believe that it's important to know what consumers think about savings, how important saving is today and whether government policy encourages saving. These trends will help us direct further research and contribute to business planning. Decisions made by individuals about their saving intentions over the coming years will also have important implications for economic recovery and we are happy to work with the Economic and Social Research Institute to produce this index."*

*The value of the Savings Index will increase over time and we hope that it will become an important reference document on personal savings in Ireland."*

**Key Findings:**

- Savings Index falls 7 points between March and April 2010
- Number of people saving regularly fell from 44 % to 41% between March and April 2010
- Number of people not saving at all increased from 23 % to 26 % between March and April 2010
- Number of people who think that now is a good time to save decreased from 34 % to 31 % between March and April 2010
- 69 % think it is important for people to save regularly
- 52 % believe that government policy discourages saving (Note: data were collected prior to the launch of the National Solidarity Bond)
- 54 % would use surplus money to pay off debts including mortgages

**Summary Data:**

	Savings Index	Importance of Savings Index	Savings Environment Index
Jan-10	95	101	107
Feb-10	101	100	94
Mar-10	105	100	99
<b>Base: Jan-Mar 2010</b>	<b>100</b>	<b>100</b>	<b>100</b>
Apr-10	93	99	99

*The Nationwide UK (Ireland) Savings Index is produced 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.*

**FURTHER INFORMATION:**

**For further information, please contact:**

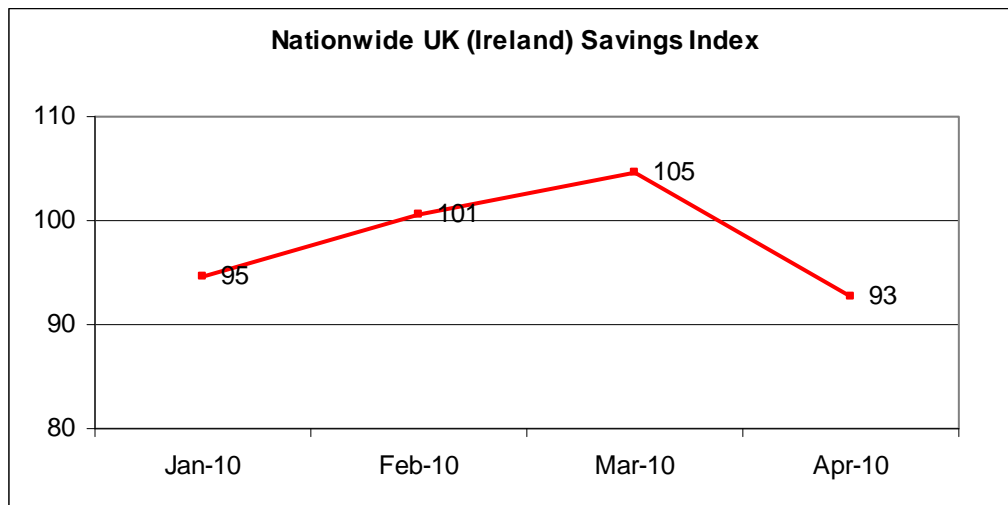
David O'Síocháin, Pembroke Communications  
Tel: 01 649 6322 / 087 936 2440  
E: [david@pembrokecomms.ie](mailto:david@pembrokecomms.ie)

Nikki Latchford, Pembroke Communications  
Tel: 01 6496428 / 086 1026811  
E: [nikki@pembrokecomms.ie](mailto:nikki@pembrokecomms.ie)

**ADDITIONAL INFORMATION:**

**The Savings Index**

Overall Savings Index: This is based on an average of the responses to questions on current perceptions of savings, the frequency of saving, saving in the current economic environment and government policy towards saving.



**Perceptions of saving and Frequency of saving**

The results for April show that 69 % of respondents think it is important *for people* to save regularly while nearly 65 % responded that it is *personally* important to save regularly.

The results are broadly constant over the first 4 months of the year. In April, this index is 99. This compares to a value of 100 in March and 101 in January.

Despite this, the number of people saving regularly dropped from 44 to 41 % between March and April while the percentage of people not saving at all increased from 23 to 26 % in the same period.

When asked about the amount they were saving, 67 % feel that it is “a bit less” or “a lot less” than they should be saving while those saying they save ‘more than they should’ decreased from 7 to 5 %.

**The savings environment**

The economic conditions also contribute to the overall decline in the index. The survey shows that the number of people who think that now is a good time to save decreased from 34 % in March to 31 % in April.

**Does Government policy encourage people to save?**

Only 11 % of respondents think that government policy encourages saving, with 52 % answering that government policy discourages them from saving.

(Note: data were collected before the announcement of the launch of the National Solidarity Bond.)

### **Consumers' intentions for any surplus money**

When asked their preference as to how they might allocate any money over and above their everyday needs, the majority of consumers, 54 %, would use the surplus to pay off debts, including their mortgage. A further 29 % would save any surplus, while 13 % would spend any spare cash.

### **KEY PERSONNEL:**

#### **NATIONWIDE UK (IRELAND)**

Brendan Synnott is Managing Director of Nationwide UK (Ireland). Brendan has over 20 years experience in the banking sector and was previously Head of Treasury at Nationwide UK (Ireland). Brendan was educated at University College Cork and prior to joining Nationwide UK (Ireland), held senior positions at a number of Irish and international financial institutions .

Brendan's role as Managing Director incorporates responsibility for all Nationwide UK (Ireland) retail and treasury activities in Ireland. This includes roll-out of the retail deposit taking operations, all treasury activity and on-going relations with the Financial Regulator.

#### **ESRI**

The Savings Index is managed by Dr. David Duffy of the ESRI. David is also responsible for the House Price Index, and the Consumer Sentiment Index for Ireland.

The survey component of the project will be supervised by Dr. Dorothy Watson. As well as managing several large-scale national surveys, Dorothy has worked with international colleagues on a number of projects including the ESeC consortium to develop and validate a European measure of social class and the EQUALSOC network.

### **RESEARCH CRITERIA:**

- ***Data collection by survey***  
The survey questions are part of an omnibus ESRI questionnaire dealing with consumer perceptions of different economic issues. A minimum sample of 800 consumers aged over 15 years is sampled each month to ensure that the indices represent the national population mix.
- ***Index construction and analysis***  
Each month the Savings Index indices will be calculated and their findings made available for public consumption. This will be facilitated through the media and via the Nationwide UK (Ireland) website – [www.nationwideuk.ie/savingsindex](http://www.nationwideuk.ie/savingsindex)



**ABOUT NATIONWIDE UK (IRELAND):**

Part of the world's largest building society, Nationwide UK (Ireland) currently employs 21 people at its Spencer Dock offices in Dublin's IFSC where it operates a dedicated customer service centre. All customer enquiries, account opening and servicing queries are handled locally either by telephone or personal appointment with a customer service representative.

Nationwide Building Society has around 15 million customers and assets of around £200 billion. Nationwide has mutual (as opposed to Public Limited Company) status, which means that it is owned by its members.

Nationwide UK (Ireland) is a branch of and a trading name of Nationwide Building Society. Nationwide Building Society is authorised and regulated by the Financial Services Authority in the UK under registration number 106078

Further information about Nationwide UK (Ireland)'s savings accounts are available at <http://www.nationwideuk.ie>.