

**MEDIA RELEASE**  
**8TH JUNE, 2010**

## **CONSUMER SENTIMENT TOWARDS SAVINGS DECLINES FOR SECOND CONSECUTIVE MONTH**

**Nationwide UK (Ireland)/ESRI Savings Index May 2010**

The Nationwide UK (Ireland) Savings Index for May 2010 shows a 6 point decline from April's index figures as consumer sentiment towards savings declines for the second consecutive month following a period of positive sentiment.

Savings remain important but people are expressing less extreme positive views on the need to save and are generally less pessimistic about economic conditions and government policy towards savings.

Saving as a general concept remains important to 64% of people compared with 69% in April and at an individual level, saving is important to 59% of people although this has dropped from 64% in April.

Commenting on the May index, Nationwide UK (Ireland) Managing Director Brendan Synnott said, *'May's Savings Index figures are being driven by an overall softening in the very positive attitudes towards saving that were being expressed earlier in the year. People are now showing signs of being less concerned that the economic situation will deteriorate further and are therefore less concerned about the necessity to save.'*

*As indicated when we launched the Savings Index last month, our start point was extremely high and it is normal for the index to move downwards from this level.*

A decline was also recorded in consumer sentiment towards spending spare cash. In April 13% stated that they would spend any spare cash while in May less than 8% said they would do the same.

### **Key Findings**

- The concept of saving remains important to most people at a general level at 64% (69% in April)
- At an individual level, savings are important to 59% of people (64% in April)
- There has been a significant increase in the percentage of people in the middle ground who classify savings as somewhat important (as opposed to very important or not important). In May, 36% of people held this opinion versus 28% in April.

- The percentage of people not saving at all increased to 31% (26% in April)
- The percentage of people saving regularly decreased to 38% (41% in April)
- The percentage of people saving 'about what they think they should' increased to 33% (28% in April)
- Less extreme views are being expressed on the economic conditions for saving. The percentage of people who think its 'neither a good or bad time to save' is now 37% (28% in April)
- Fewer people are saying that government policy discourages savings. In May this stood at 44% (52% in April). Note this survey was conducted during the time period when the National Solidarity Bond was launched

**Summary Data:**

	<b>Savings Index</b>	<b>Importance of Savings Index</b>	<b>Savings Environment Index</b>
Jan-10	95	101	107
Feb-10	101	100	94
Mar-10	105	100	99
Apr-10	93	99	99
May-10	87	100	103

*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:**

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## **ADDITIONAL INFORMATION:**

### **The importance of saving**

The results for April show the proportion of respondents who think it is important to save has remained broadly constant over the first five months of the year. In May the index stood at 100. This compares to a value of 99 in April and 101 in January. Over 64% of respondents think it is important for people to save regularly. Nearly 59% responded that it is *personally* important to save regularly. This compares to a figure of nearly 65% in April.

### **How regularly people save**

Although the majority of consumers think regular savings are important only 38% responded that they save regularly, with a further 31% indicating that they save occasionally. When asked about the amount they were saving 64% feel that it is "a bit less" or "a lot less" than they should be saving. This represents a slight improvement on the April proportion of 67%.

A majority of consumers think they are saving less than they should, and just over 64% think they will be saving the same amount in six months' time. Only 15% expect to be saving more in the future than at present and 21% think they will be saving less.

### **The current savings environment**

Less extreme views are being expressed on the economic conditions for saving. The percentage of people who think it's 'neither a good or bad time to save' is now 37% (28% in April). 24 % of respondents think now is a good time to save.

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

Only 11% of respondents think that government policy encourages saving, with a majority of 44% answering that government policy discourages them from saving. Although the proportion feeling discouraged remains high it is down from the 52% recorded in April. The launch of the National Solidarity Bond may have been a factor in this improvement.

### **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, 56%, would use the surplus to pay off debts, including their mortgage. A further 32% would save any surplus, while under 8% would spend any spare cash. This compares to the result in May when over 13% indicated they would spend any spare cash.

