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CONSUMERS ADMIT THEY ARE SAVING LESS THAN THEY NEED TO

Nationwide Building Society today reveals* that only 31% of consumers thought saving was very important in August continuing the downward trend seen since April**. This compares to last month's figures where 33% of consumers thought saving was very important and is significantly lower than the results seen in April and May, where nearly half of customers thought saving was very important (46% and 49% respectively).

The research also shows that nearly two-thirds (60%) of consumers save less than they think they need to. However, they are more hopeful about the future – almost half (48%) of consumers think they will be saving what they need to in six months' time. Although this is a slight increase from last month (46%), over a third (34%) still think they'll be saving less than they need to in six months' time.

The current economic situation is likely to be having an impact on consumers' ability to save as food and heating costs continue to rise. With inflation expected to continue to increase this year, consumers may find it even more difficult to save and could be forced to draw on their savings.

Some consumers may be trying to plan ahead as the frequency with which consumers save has changed slightly in August, with more people saving regularly and less people saving occasionally. However, the percentage of those who do not save at all has risen to a new high since April as shown in *Figure A*:

How regularly consumers save

	April 2008	May 2008	June 2008	July 2008	August 2008
Regularly save	54%	50%	46%	46%	48%
Occasionally save	27%	33%	33%	33%	30%
Never save	19%	17%	20%	20%	21%
Don't know	0%	0%	1%	1%	1%

Figure A

The research also reveals:

- Results remain constant for whether consumers think it is personally important for them to save, with just under a third (30%) of consumers thinking it very important, compared to 31% in July;
- Nearly a fifth (18%) of consumers think Government policy encourages people to save, whilst more than double that number (41%) think it discourages them to save. A third (36%) of consumers are indifferent.

Matthew Carter, director of savings at Nationwide, says: “The industry and the Government need to work together to promote saving initiatives such as Child Trust Funds and the benefits of regular saving, as these have the potential to make a real difference to household wealth.

“It’s a pity that many consumers seem to be feeling the effect of the current economic situation. The reality is that almost two-thirds think they are unable to save as much as they need to. However, it is encouraging that almost half of consumers think they will be saving what they need to in six months’ time. This optimism may be a result of the recent reductions seen with mortgage rates, although there are still plenty of pessimistic savers out there.”

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Notes to editors:

* Data was collected between 21 July to 17 August, by TNS, a global market information and insight group. 1,000 people were questioned. Research is collected on a monthly basis and this is the fifth such release using the data collated.

Previous releases are available via the following links:

July data release issued 11 August 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1247

June data release issued 14 July 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1230

May data release issued 18 June 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1219

April data release issued 27 May 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1210

**July’s data was collected between 23 June – 20 July 2008 by TNS – 1,000 people were questioned.

June’s data was collected between 19 May-22 June 2008 by TNS – 1,000 people were questioned.

May’s data was collected between 30 May-1 June 2008 by TNS – 1,010 people were questioned.

April’s data was collected between 18-20 April 2008 by TNS – 1,005 people were questioned.