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No embargo

CONSUMERS DE-PRIORITISE SAVINGS

Latest Nationwide Building Society survey reveals savings trend

The proportion of people who think saving is important has been falling gradually since last summer. Latest research from Nationwide Building Society reveals just over half (57%) of consumers think saving generally is important compared to two thirds (66%) in July 2008.

The cut in base rate from five per cent in October to one per cent today is likely to be a major factor in the change in sentiment*.

Almost two thirds (59%) of consumers think they are saving less than they need to but 52% think they will be saving the same amount in six months time – suggesting the savings situation is not likely to improve for some time.

The research also shows:

- Less than half (46%) of people save regularly;
- Under a quarter (23%) of people save nothing at all;
- 15% of consumers think Government policy encourages people to save.

When asked if now was a good or bad time to save given the current economic situation, 57% of people think it is a bad time compared to June 2008 when just 37% thought it was a bad time to save – an increase of 20 percentage points. Fewer than one in five (18%) consumers think now is a good time to save.

Andy McQueen, savings director at Nationwide, says: “We’re very concerned that since we started monitoring the savings habits of the UK last year, the importance consumers put on saving has been falling. We have seen savings become gradually less important to consumers, whilst the proportion thinking they’ll be saving more in six months time has ticked up, suggesting savings has been de-prioritised as a short-term need.

“Interest rates have decreased but there are still a number of good products available paying a healthy return that people should be taking advantage of. As job security across the UK worsens, consumers do need to have a nest egg built up that will cushion them through any unexpected financial crisis. Even though returns are smaller at the moment, it’s still just as important for people to regularly put money aside.

“At Nationwide we have advisers on hand who will help consumers kick-start their own savings habit. To try to make saving even easier, we have also increased the amount people can save in our regular savings account and have recently launched a range of fixed rate bonds offering terms of six months to four years, which should meet the needs of a variety of savers.”

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*Consumers were questioned prior to the most recent change in base rate on 5 March 2009 when it became 0.50 per cent.

To view all previous issues of the savings barometer and for data download, please visit:
www.nationwide.co.uk/savingsindex

To download a picture of Andy McQueen, please visit:
<http://www.nationwide.co.uk/mediacentre/spokespeople.asp>

Notes to editors:

Data was collected between 19 January and 15 February 2009, 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 eleventh such release using the data collated.

‘Importance’ means that respondents have given importance a score of eight, nine or 10 out of 10.