

# Nationwide SAVINGS INDEX



A comprehensive monthly insight into the behaviours of individual savers across the UK.

[www.nationwide.co.uk/savingsindex](http://www.nationwide.co.uk/savingsindex)

14 December 2009

No embargo

## Increase in consumer confidence about future savings

- Consumers believe government policy not helping savers
- But confidence in future savings higher than ever
- And more people see the importance of saving
- REVIEW OF THE SAVINGS INDEX IN 2009

### SAVINGS INDEX FALLS BACK BY THREE POINTS

- The Savings Index fell three points to 87, driven by negative sentiment towards the savings environment and the extent to which government policy discourages savings.
- There are improvements to the Importance of Savings and the Future Savings indices.

	Nov 2009	Oct 2009
SAVINGS INDEX	87 (-3)	90
Importance of Savings Index	98 (+10)	88
Savings Environment Index	76 (-9)	85
Future Savings Index	124 (+5)	119

### Consumers believe government policy not helping savers

- 16% of people (a decrease of 4% from October) believe that the Government encourages them to save, but a much larger 45% (an increase of 2% from October) believe the Government discourages them from saving.

**Andy Hutchinson, head of savings at Nationwide, says:** "Last month, the Savings Environment Index rose sharply, possibly because of the favourable ISA rules for the over-50s that came into force in October. However, this optimism appears to have died down somewhat and more people believe that the Government discourages people from saving."

### But confidence in future savings higher than ever

- At 124 points, the Future Savings Index is higher than it has ever been.
- November was the third month in a row where the number of people who believe they will be saving more in six months' time (compared to now) is greater than the number of people who believe they will be saving less.

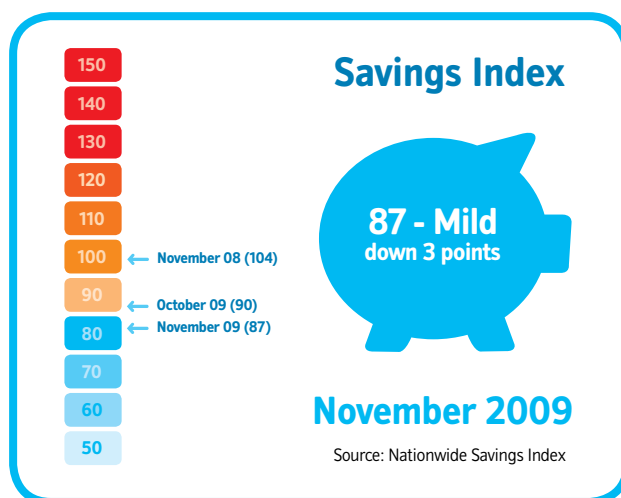
**Andy Hutchinson says:** "Although the Savings Index fell by three points, it is still at its second highest level this year and there are some real positives to take from November's data."

"For example, the Future Savings Index hit an all time high. This may reflect a greater confidence in the economy in general, which should be seen as a positive step."

### And more people see the importance of saving

- Compared to October, a greater number of consumers (60%, an increase of 1% from October) feel that it is important to save in general, and a greater number of consumers (60%, an increase of 3% from October) feel that it is important for them personally to save.

**Andy Hutchinson says:** "As one of the nation's largest savings provider, we naturally feel it's really important for people to save as much as they can. Even though Base Rate remains low, good returns are available, especially for those willing to lock in their savings for a fixed period of time. Our Consumer Confidence Index shows that sentiment for the economy over the next six months is largely positive."



# Nationwide SAVINGS INDEX



## REVIEW OF THE SAVINGS INDEX IN 2009\*\*

Following the Base Rate reductions at the tail of 2008, three further rate reductions followed at the start of 2009.

Opinions of future ability to save reach all time high.

**Andy Hutchinson says:** “With Base Rate hitting an historic low of 0.50% in March 2009 and unemployment rising, as well as the onset of an official economic recession, it’s no surprise that the Savings Index hit rock bottom in May 2009.

“2009 can also be remembered as the year that consumers became increasingly optimistic about their future ability to save. For the past 10 months, the Future Savings Index has been above where it started in June 2008 and has reached all time highs in two of the past three months alone.

“Encouragingly, the Savings Index has been higher in the past three months than any of the preceding nine months. Going forward, the Savings Index could improve further if confidence in the economy returns and people feel they are more able to set aside money on a regular basis. On the other hand, if Base Rate remains low – and I believe it will do so for much of 2010 – the Savings Index may not rise too much further from its current level. But consumers should remember that, even though inflation has ticked up slightly recently, it is still lower than it was a year ago, so while Base Rate is low, it’s not necessarily as low as it is perceived to be from a savings return point of view.”

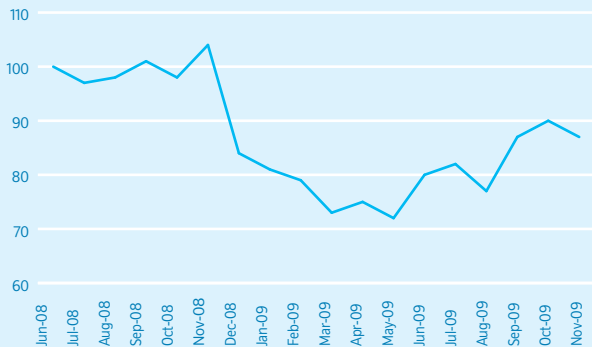
## Savings indices - since the beginning

Index	Savings Index	Importance of Savings Index	Savings Environment Index	Future Savings Index
Jun-08	100	100	100	100
Jul-08	97	106	95	94
Aug-08	98	99	97	87
Sep-08	101	105	101	95
Oct-08	98	104	100	91
Nov-08	104	105	94	84
Dec-08	84	94	78	96
Jan-09	81	90	71	97
Feb-09	79	80	63	105
Mar-09	73	76	58	104
Apr-09	75	77	58	101
May-09	72	88	59	111
Jun-09	80	85	65	101
Jul-09	82	98	71	106
Aug-09	77	86	66	105
Sep-09	87	91	77	121
Oct-09	90	88	85	119
Nov-09	87	98	76	124

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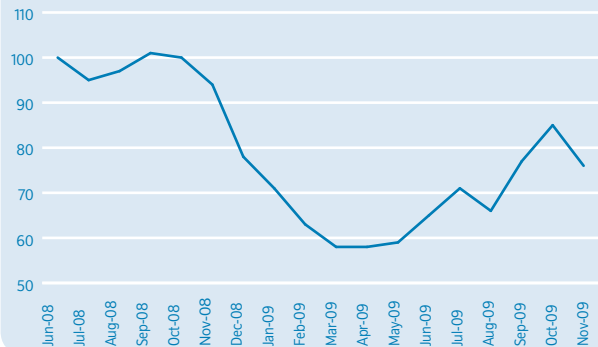


**Chart 1. Nationwide Savings Index**



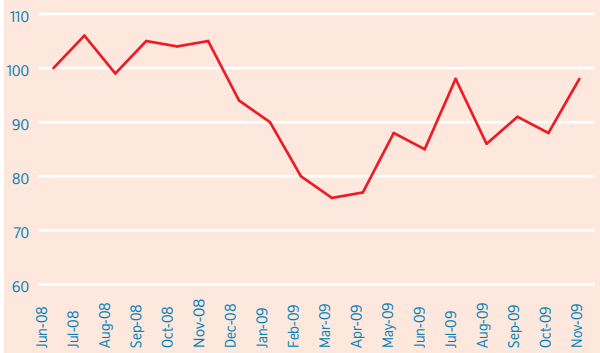
**The Savings Index (principal index):** made up of consumer opinion about the frequency of saving, current feelings about their current levels of saving, whether it's a good time to save given the external environment and thoughts on Government policy.  
Source: TNS-Ri research for Nationwide

**Chart 3. Savings Environment Index**



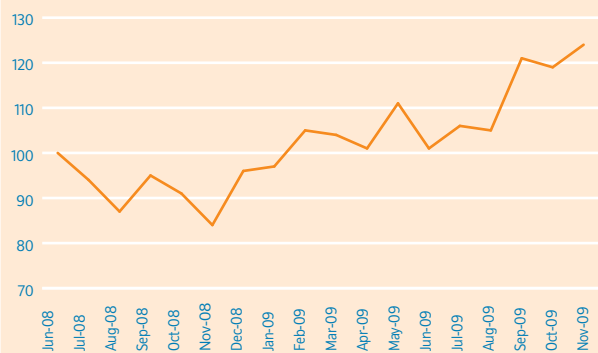
**The Savings Environment Index (sub index):** made up of consumer opinion about whether it's a good time to save given the economic environment and whether government policy encourages people to save.  
Source: TNS-Ri research for Nationwide

**Chart 2. Importance of Saving Index**



**The Importance of Savings Index (sub index):** made up of consumer opinion about the importance of saving both generally and personally.  
Source: TNS-Ri research for Nationwide

**Chart 4. Future Savings Index**



**The Future Savings Index (sub index):** made up of consumer opinion about whether they think they'll be saving more, less or about the same in six months' time, than they do now.  
Source: TNS-Ri research for Nationwide

**Note to editors:**

Nationwide's Savings Index is based on a monthly survey representative of the UK population. For November, the TNS-Ri research for Nationwide took place from 19 October 2009 to 22 November 2009 with 1000 people.

\*The Nationwide Savings Index began on 19 May 2008.

\*\*December 2009's Savings Index will be released in January 2010.

**Media enquiries to:**

Jennifer Williams, **01793 655354**, [jennifer.williams@nationwide.co.uk](mailto:jennifer.williams@nationwide.co.uk)

Stuart Williamson, **01793 654756**, [stuart.williamson@nationwide.co.uk](mailto:stuart.williamson@nationwide.co.uk)