

Brits Bank On Budgeting To See Them Through Tougher Times

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The penny has finally dropped, as latest research from MINTEL shows that British consumers are starting to take their first tentative steps towards more responsible budgeting. 2008 has been a terrible year for the UK savings ratio (how much we save as a % of our earnings) which recently fell to its lowest level for nearly 50 years.

But, last month 60% of adults said that they would now be looking to cut down on borrowing and/or increase the amount they save in the coming year, according to exclusive consumer research from Mintel. This is up from just 55% in 2007.

“Over the past year people have simply been borrowing as much as they can and dipping into their savings to cover their rising living costs. But now savings are starting to dry up, as is access to loans. The only option is for people to reassess their finances and take a more sensible approach to their budgets,” explains Toby Clark, senior finance analyst at MINTEL.

This week, the government stepped in to bail out some of the UK's biggest banks. One of the conditions of the deal is that bonuses are going to have to be slashed - but Mintel's research shows that it is not just City bankers who are going to have to tighten their belts over the next few years.

In the past it has always been Britain's younger generations, who have been more carefree with their cash. But it is Britain's “spend-happy” youngsters who are most likely to say that they will be saving more and/or cutting back on borrowing, with around three-quarters of 20 - 30 year olds planning to do so.

“No-one under the age of 40 has really experienced a recession, but a recession is now looking more and more likely. Younger consumers will need a lot of guidance and support from their banks to show them how they can adjust their spending and live within their means,” comments Toby Clark.