

Money For Nothing

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Ok, it doesn't happen to many of us.

But Synovate asked 11,400 respondents across 16 markets what they would do if US\$1,000 landed in their lap today.

Why? To help understand differing financial priorities across the globe.

Looking at all 16 markets, the priorities were:

- Put it in a bank savings account - 28%
- Pay off / pay down debt - 17%
- Spend it on necessities like food or household bills - 17%
- Spend it on something fun - 15%

Within each possible answer the top responses were:

- Put it in a bank savings account - Malaysia (52%), Brazil and Denmark (both 37%)
- Put it in a bank cash deposit - India (21%)
- Buy an insurance policy - India (12%)
- Put money in a mutual fund - Serbia (8%)
- Buy equities and / or shares - Hong Kong (9%)
- Pay off / down debt - NZ (44%), Canada (40%), Australia and US (both 35%)
- Spend it on something fun - Russia (30%), Denmark (29%)
- Spend it on necessities - Serbia (35%), Taiwan (30%)
- Gamble it - no one to speak of

Synovate managing director of Denmark, Klaus Mikkelsen, says the high interest in saving rate in Denmark does not surprise him.

"The OECD just announced new figures about private consumption showing the largest decline among all its member countries appears in Denmark. At the moment Danish consumers are very reluctant to spend, despite the fact that they received tax relief and the government has introduced extraordinary items such as payout of mandatory pension savings. We simply don't spend, but save."

The size and structure of the economies in New Zealand, Canada, Australia and the US varies greatly, but many of the consumers' financial priorities are quite similar.

These economies have high levels of personal debt, a great drive to own property (therefore taking on a great deal of debt) and credit is common.

Rob Myers, managing director of Synovate Canada explains the focus on paying down debt:

"Canadians are fairly conservative especially during this tough time. Given the low interest rates on savings and the uncertain investment market it is no surprise that Canadians want to reduce their debts."

Braverman adds:

"Americans are paying down debt and saving at higher rates than we have seen in a long time - since the last recession in 2001."

And in Australia, where interest rates are rising again, Julie Beeck, Synovate's managing director there explains:

"According to the Reserve Bank of Australia, over the last 18 years the total amount of debt owned by Australian households rose almost six-fold. While credit card debt has only risen slightly, household debt has increased significantly, particularly when compared to the growth rate of income and wealth. With interest rates starting to rise again in Australia people will be looking to pay down debt to reduce their exposure as much as possible."

I'm with the 30% of Russians who would spend it on something fun.

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