Big Jump In Expected Savings, Investment And Debt Repayment Activity

Contributed by JGFR
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The New Year UK Financial Activity Bulletin (FAB), just published by financial research specialist JGFR highlights a big jump in expected savings, investment and debt repayment in the coming months.

Far fewer people are expecting to borrow with last spring/summer's pick up in housing market activity not set to continue.

Overall some 39.5 million adults intend to save, invest, borrow or repay debt, up from 36.9 million last September although slightly down on a year ago when people were extremely pro-active in the midst of the financial crisis. Â
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The research, commissioned each quarter since June 2002 from GfK NOP, found more people intend to make cash savings with expected ISA demand at a record level and a steady rise in recent quarters in regular savings plans among younger people trying to save up for a deposit for property purchase.

Prospects for life and savings providers also saw a big improvement on the depressed level of last September with all three categories of expected activity improving - regular pension, regular life and lump sum life/pension contributions.
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Far fewer people intend to borrow with all four types of consumer credit falling back - overdraft borrowing, credit card borrowing, personal loans and car financing plans. Demand for mortgages fell to a near record low. Â

Using the Bank of Mum & Dad, which was a major driver of activity in the spring/summer last year, is much reduced. Fewer cash buyers are in evidence this quarter resulting in a drop in expected property purchase intentions to aÂ 4-quarter low. Demand among Londoners - a good measure of market confidence is at its lowest since December 2008.
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Debt repayment intentions picked up to the highest since last March. Net debt repayment, the difference between the proportion of people intending to borrow and repaying debt is at its highest in the 7-year history of the survey.

There are notable regional differences with highest levels of savings and investment activity expected in Northern Ireland, the South West, Wales and the North West and most intended borrowing in Northern Ireland and London.
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Among main financial services providers the leading bank brands increased their market share. The leading ten bank brands (including Nationwide) saw market share rise to 88% from 87% in September and 85% a year ago.

The market share of the leading bank brands, Lloyds TSB, Barclays, NatWest, HSBC and Halifax increased to 71.1% in December from 68.7% in September and 65% a year ago.

Commented John Gilbert, Chief Executive of JGFR:
â€œ For savings, investment, life and pension institutions the New Year survey is encouraging with good demand in prospect. For lending, housing and auto market and businesses relying on discretionary consumer spending the outlook is gloomier with a distinct preference among consumers for caution in a very uncertain economic climateâ€•
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Research methodology:
GfK NOP interviewed 2,004 adults aged 16+, representative of the population by telephone between December 4-13th 2009 on behalf of JGFR.

Respondents are asked which of 18 categories of savings, investment and borrowing activity they expect to undertake in the next 6 months.

They are also asked who they regard as their main financial services provider
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