Banking On Hard Times Ahead – Britain Is A Nation Of Savers

Contributed by Mintel
Friday, 30 April 2010

Shell shocked from the strain of the recession new research from Mintel finds Britain has become a nation of savers.

Indeed, it seems saving is back in vogue as in the next six months alone, as many as 70% of Brits intend to save, up from 64% last September.

Almost half (47%) of all households are saving, rising from 40% last August.

Today, some 17 million (35%) adults have less than Â£500 in investable assets, while 36% have between Â£500 and Â£10,000 and 29% have over Â£10,000.

Meanwhile, as many as 12% of Brits have over Â£50,000 worth of savings.

Toby Clark, Head of UK Finance at Mintel, said:
"Saving is more popular than ever, and the slowdown appears to have concentrated people's minds on the importance of saving. Huge uncertainty surrounds the outlook of 2010, making saving and debt repayment more popular than spending."

The top five reasons why Brits are saving and investing are:
1. Retirement (40%),
2. Security (39%),
3. Building an emergency fund (33%),
4. For a specific purchase (25%) and
5. Children's education (20%).

Around half of the nation's savers have relatively few (between one and two) saving products.
Savings or deposit accounts (59%) are the top investment product, with cash ISAs (34%) taking the second spot.

This is followed by a company pension (33%). Just 5% of consumers are risk takers - prepared to seek higher risks in return for higher rewards.

Although cash ISAs have shown significant growth in popularity over the past 10 years, ownership rising from around one in five in 2000 to around one in three in 2010, there still remains scope for expansion.

"Today, saving and deposit accounts are almost twice as popular as ISAs, yet there are no tax benefits for these investors. Many people do not realise that a Cash ISA can be almost as flexible as a standard savings account. For most people, it's peace of mind rather than investment returns that matter. Savers who are not making the most of their allowance are needlessly paying tax on a good chunk of their savings. With the current low interest rates, whether your savings are sheltered from tax or not can make the difference between achieving an inflation-beating return, or seeing the value of your savings eroded by the increase in prices." Toby continues.

In terms of region, it is the Scots who are the nation's biggest savers.

Indeed, just 9% of Scottish adults are non savers.

By contrast, as many as 27% of Londoners are not putting money aside.

What is more, Scots are also most likely to be saving larger amounts of money.

A staggering one in four (25%) Scots has Â£10,000 or more, by far the highest in the country.

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UK - April 2010