Nothing For A Rainy Day - A Fifth Of Brits Have No Savings

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While the financial crisis and economic downturn have focused attention on the need for consumers to shore up their finances, worrying new research from Mintel, finds more than a third (35%) of adults admit to having less than Â£500 reserved for a rainy day - and as many as one in five (19%) Brits has no savings at all.
And it seems that it is the nationâ€™s women who are the least likely to have that all important nest egg. Indeed, some 17% of men admit to having no savings at all and this rises to almost a quarter (22%) of women. Meanwhile, as many as 22% of Brits with families confess to having a complete lack of savings.

Overall, challenging economic conditions resulted in two fifths (40%) of adults believing their financial position worsened during 2010 and just 20% believing that their financial position improved. It seems low interest rates (21%) and repaying debts (19%) are a major savings barrier for a fifth of todayâ€™s Brits.

However, meeting everyday costs such as running the home are the biggest savings barrier for 42% of cash strapped Brits, who admit that they do not have any money left for saving once they have paid essential bills and expenses.

Toby Clark, Head of Finance at Mintel, said:
â€•With unemployment continuing to rise and concerns about the health of the economy continuing, those without a safety net could find they are financially exposed in the coming months. The accepted wisdom is that low interest rates are stopping people from saving, however we have found that it is only really an issue for the top end of the market and the reality is that meeting everyday costs and expenses is by far the largest savings barrier.â€•

When asked how consumers would generally describe their current financial situation, almost three in ten (28) describe their conditions as tight, only just making ends meet.

A further one in ten (8%) say they are really struggling, admitting they are in real danger of falling behind with bills or loan repayments. But of concern are the 4% of Brits who are in real trouble having missed loan repayments or household bills.

The largest number of Brits (42%) are those who feel that their financial situation is ok, but there is not a lot of money left by the time the basics are taken care of. Just 18% of Brits admit to being in a healthy financial position with money left at the end of the month for a few luxuries or to add to their savings.

The strains that the slowdown has put on the nation are showing. Over the past year, half (50%) of consumers have withdrawn from their savings, with lower income groups among the most likely to have taken funds from their savings. Around the same number (53%) admit that they canâ€™t really save or invest at the moment.

Finally, for those who are lucky enough to have spare cash, saving, rates highly on consumers intentions. When asked what consumers choose to spend extra money on, the top five spending priorities are 1. Dining out (35%), 2. Savings account/emergency/rainy day fund (33%), 3. Going out (eg pub, cinema etc) (33%), 4. Small extras for family members (26%) and 5. Books, DVDs and CDs (25%).

â€œThere is general agreement that having money saved provides a sense of security, although this sentiment is more apparent among those who are the most financially secure. There is no doubt that consumers have good savings intentions, but whether or not they are able to carry them through is another thing. With household budgets stretched, there is a danger that people will be forced to dip into precious savingsâ€• concludes Toby.

Source: Mintel Oxygen Reports

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