Prospective Student Financial Activity Reaches Post 2007 High

Contributed by JGFR
Wednesday, 06 November 2013
Last Updated Wednesday, 06 November 2013

Financial engagement among students and young people (16-22) is at post credit-crunch highs. Nearly 8 out of 10 students intend to save, invest, borrow or repay debt in the coming 6 months, well above the 6-year average of around 6 out of 10, and up 26 points on Juneâ€™s 9-quarter low of just over 50%.

With students now increasingly acting as intelligent consumers, many will be scouring price comparison sites and social media student finance forums and blogs to get best rates and advice. Most students will be receiving grants and parental cash to fund their living costs with a lump sum to deposit. Nearly a half of students intend to put money into an ISA, likely to be a cash deposit. Nearly 4 out of 10 students intend to start a regular savings / investment plan, far above the 15% across the adult population. Overall around three-quarters of students intend to save / invest (69%, all adults). Nearly a quarter of students who have a longer term outlook, are already considering pension and protection policies, little changed on a year ago. With debt an inevitable part of student life, borrowing intentions among students is greater than average. Almost a third of students expect to borrow (excluding by student loan) compared to just under 1 in 5 of the public. Around 1 in 10 students intend to borrow by way of personal loan, overdraft or credit card. With confidence rising, more students intend to take out a car financing plan (15%) far more than among people overall (5%). A year ago just 6% of students intended to seek car finance. Unlike the adult population where there is a net balance of people repaying debt (around 10%) among students net credit usage is expected to increase by around 10%. Repaying debt then becomes a major financial priority among 23-29 year olds, including graduates with student loans, with approaching a half intending repaying debt and a net debt repayment of around 15%. A small minority of students are set to be property owners / landlords. Around 1 in 10 intends to put down a deposit on a property to buy with the Bank of Mum & Dad likely to be funder. Garnering student accounts has been a long held objective of the main banks, keen to establish long-term profitable customers. Current students will become tomorrowâ€™s graduates where income levels and financial engagement will be among the highest. In the Q4 FAB 89% of graduates expect to be financially engaged. Of the leading high street banks, Barclays is the current market leader on a 4-quarter moving average basis. Only a small minority of students are very likely / likely to switch accounts (4%) with the majority not likely / not at all likely to switch. Fewer (36%) than among the overall population (44%) rule out not switching, who are very satisfied with their current main financial services provider. Commented John Gilbert, Chief Executive, JGFR: â€œBeing a student today has far greater lifetime financial implications requiring reference points for guidance. The need to be financially savvy is an essential part of student well-being with a constant need to enhance employability skills. Students this autumn appear to be well prepared financially for the big challenge of student lifeâ€• For more information regarding this article please visit: www.jgfr.co.uk | @johngilbertJGFR

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