# Consumers Overhaul Of Personal Finances To Continue In Q1

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The Q1 2014 JGFR / GfK Financial Activity Barometer (FAB) shows strong prospective savings and borrowing demand in the coming months as consumers continue to be more active in managing their money. The improving state of personal finances will have boosted financial engagement.

78% of consumers expect to save, invest, borrow or repay / pay down debt, little changed on last quarter, but up from 72% a year ago. The 2-quarter headline JGFR FAB Index (98.4) is at a 3-year high. Savings / investment, borrowing and debt repayment intentions are also similar to strong Q4 figures resulting in multi-year highs for the 2-quarter moving averages (representing the 6-month period consumers are asked to consider). The JGFR Savings / Investment Index gained 8 points to 103.5 (best since Q2/Q3 2010), the JGFR Borrowing Index is up 18 points at 82.3 (best since Q3/Q4 2006), while the Debt Repayment Index is also at a 7-year high. UK Financial Activity Barometer, Headline JGFR Index Q3/Q4 2002 â€“ Q413 Q114* *2-quarter moving average Source: GfK NOP / JGFR Over the past 2 quarters far more people have intended to make cash savings. ISAs, cash deposits, regular savings and child trust funds / junior ISAs are at multi-year highs. Part of the surge in cash savings intentions may be driven by the need to build-up funds for a property purchase deposit. The greater level of promotion surrounding workplace pensions appears to be succeeding with a notable jump in intended regular pension contributions in the past 2 quarters. The JGFR Regular Savings Index climbed 17 points to 99.8, the highest measure since June 2006. While 2013 has been a good year for many retail investors in the wake of rising stock markets, investor sentiment this quarter is weaker with fewer people intending to put money into shares directly or via collective vehicles. Bond investment intentions are also weaker. The 2-quarter JGFR Equity Purchase Index nevertheless gained 7 points to 107.1, its best since Q1/Q2011 on the back of a very strong Q4 measure and the weaker Q3 figure dropping out. High consumer credit usage in prospect may get alarm bells ringing, given multi-year highs in personal loan, overdraft and credit card borrowing intentions. This quarterâ€™s strong demand follows equally strong demand in September which may reflect both the need to fund Christmas as well as meeting rising household bills. Demand for car finance plans also is at a 7-year high and is in marked contrast to a near record low a year ago. High levels of expected debt repayment provide some reassurance to the jump in consumer credit. Housing market confidence rose strongly for the second successive quarter, especially property purchase intentions, boosted by more intending cash buyers. The JGFR Housing Confidence Index is up 12 points to 73.8, its best level since mid-2009. Housing market confidence Q3/Q4 2002 â€“ Q4 2013 â€“Q1 2014 Source: GfK NOP / JGFR With more people moving to a Financial DIY approach to personal finance, as the forthcoming ComPeer-JGFR annual Financial DIY report* will show, the role of the media, both online and offline, has grown in importance in informing people about products and suppliers. Commented John Gilbert, Chief Executive of JGFR: â€œAs expected, demand for financial services grew strongly in the latest Barometer. Financial services businesses should look forward to strong business volumes across most sectors, although the sharp jump in consumer credit demand will need to be carefully monitored in the wake of recent weakening in household finances. An encouraging sign is the rise in savings intentions on a regular basis to a survey record level. Managing these savings to gain mutual benefit is the challenge for the industry.â€•For more information please visit: www.jgfr.co.uk | @johngilbertJGFRFollow Market Research World on Twitter or join in the conversation with our LinkedIn Group