

28 January 2008

NS&I Century of Saving report – further background

Why aren't more people saving?

Despite vast real-terms increases in the amount saved by savers then, the numbers of people involved in saving does not appear to have changed nearly as dramatically in the past half century.

Reasons for this include:

- Saving remains strongly life-stage determined.
- The overall savings ratio and participation in saving are both being suppressed by historically high levels of consumer credit: in turn this may relate to a certain 'impatience' for consumer goods, and the acceleration of the fashion cycle.

Two of our younger respondents told us:

"We used to save up for things and then you'd appreciate them more – things are obsolete by the time they're on the shelves now – there's no point in saving for fashion, electrical things" D

"If you saved up for ten weeks and bought a pair of trainers, everyone else would have moved on by the time you got them" S

How much will we be saving in future?

It would be unwise to expect regular saving to extend to a hugely greater number of households in 2057, but it would seem reasonable, in line with long-term trends, to expect a continued increase. If we simply extrapolate forward on current trends, we might expect regular saving to be a feature in the lives of the majority of UK adults by around 2060 – if the trend to regular saving accelerates somewhat, 2057 could be the 'milestone' year that more people are saving than not saving.

On the basis that disposable income levels will reach £23,560 (in 2003 prices) by 2057 (a fairly straightforward extrapolation from existing trends and forecasts, given the steady and continuous increase we have seen in the post-war period), and a savings ratio standing at 7.5%, and a rise in the number of households to around 35 million by 2057, we anticipate that total UK savings will top £150 billion by 2057, in today's money.