



# Quarterly Savings Survey

# ns&i

Issue 14 Winter 2007/2008

## NS&I Savings Tracker Examining savings behaviour across Britain

# A positive end to a difficult year

NS&I's Quarterly Savings Survey examines savings behaviour across Britain, reporting quarterly on who is saving, how much is being saved, savings targets, and whether average savings per head are increasing or decreasing.

The results of the fourteenth Quarterly Savings Survey, covering the winter months of December 2007, January and February 2008 are detailed below, along with key annual trends.

### In this issue

#### Quarterly Savings Survey Tracker

- Despite there being a mixed set of results for the savings indicators this quarter, closer analysis of past winter savings trends suggest that we should be encouraged about the savings start to 2008
- These positive figures arise despite poor performance in previous quarters, with stronger quarter on quarter growth enabling this recovery
- Possible reasons for the stronger winter 2007/08 figures include an increased consciousness of post-Christmas bills and the current economic climate, both prompting better savings discipline
- Britain's late 'thirty-somethings' and those in their forties have been driving the increase in savings levels

- The population continues to be pessimistic about its ability to save both in the coming quarter and also looking forward to the year ahead

#### Lifestyle research – the cost of romance

This quarter the lifestyle research focuses on the impact of romance on our finances:

- The average cost of a date is over £40 (£42.62)
- Men are more generous than women, with a significant proportion (45%) 'flashing the cash' on a date to make sure they impress. Women are more cautious, with over three quarters (76%) waiting to make sure the relationship is worth it before spending on a date
- However some men are spending money they don't have. A quarter of men would use their credit card to pay for a date, while 16% would borrow money from family or friends to finance a romantic night out

#### Content

Examining the savings indicators in winter 2007/08 reveals a mixed set of savings attitudes and behaviours across Great Britain. However, comparing this quarter's results with those in autumn 2007 the evidence suggests that we should be encouraged about the savings start to 2008.

Figure 1: Savings levels

	Monthly average saved by those saving regularly (£)	Percentage of people who regularly set money aside each month %	Average monthly take-home income*	Monthly average saved across the population (£)	Amount saved by the population as a percentage of average income %
Autumn 07	184.36	51	£1,337.80	91.15	6.81
Winter 2007/08	177.16	52	£1,264.60	89.84	7.10
Percentage change	-3.91	+1.96	-5.47%	-1.44	+4.26

\*Average monthly take-home income is income after tax, National Insurance contributions and other expenses

Published quarterly by NS&I  
Winter 2007/08

#### National Savings and Investments

Charles House, 375 Kensington High Street  
London W14 8SD

24-hour media hotline 020 7348 9654 [www.nsandi.com](http://www.nsandi.com)

**Uncovering the real savings story:**

This winter 2007/08, there has been a marginal drop in the average amount being saved per head (from £91.15 in autumn 2007 to £89.84 this quarter), and the average saved by those saving regularly (£184.36 to £177.16 for the same period). This fall is not surprising as past Quarterly Savings Survey data reveals that a similar drop has occurred previously at this time of year, suggesting a seasonal decline.

The average British monthly take-home income (income after tax, National Insurance contributions and other expenses) has declined every autumn to winter since the survey began, although the decline is more significant this winter. According to those surveyed, this winter the average monthly take-home income has decreased from £1,337.80 to £1,264.60. This may be a factor in the decline of the savings indicators.

Despite the fall in average monthly take-home income, the population managed to set aside a similar, if marginally reduced, amount in pounds (per head) this quarter compared to autumn 2007 (see figure 1). Consequently the population saved a higher percentage of its average monthly income than in autumn 2007 (7.10% compared to 6.81%). Further, this indicator has increased by almost 5% (4.26%) on autumn 2007, the highest percentage growth between autumn and winter quarters since the survey began. This savings index is now at its highest winter figure since the survey began, exceeding 7% for the first time.

In addition to the positive results for average amount saved as a percentage of income, this is also the first autumn to winter period that the percentage of people who are regularly setting money aside each month has increased, from 51% to 52%.

These two unexpected increases give us reason to be cautiously optimistic. Further, looking once again at the autumn-winter 2007/08 decline in the average monthly amount the population has saved, we see that the drop is marginal, only 1.44%. Comparing this with winter 2006/07 when the amount saved fell by nearly a quarter (23%), puts the decrease into perspective.

Given the factors outlined above, and assuming the overall trend for increasing savings levels over time (explored in Issue 12 of the Quarterly Savings Survey), it might be suggested that the population is experiencing an improved savings start to 2008.

**Encouraging end to a difficult year**

Given the low savings levels recorded across the board at the start of 2007, the strong winter 2007/08 figures may not have been predicted, however quarter-on-quarter growth has been observed across most indices and has enabled a good recovery. (See figure 3).

**Increasing ideals**

The positive figures recorded this winter, compared to previous years, may be affected by the increase observed in the population's ideal savings levels. This is the first autumn to winter period where the amount people want to set aside each month has increased, rising from £180.91 to £185.76, one of its highest recorded levels (only summer 2006 was higher at £186.30). This is accompanied by the greatest quarter to quarter increase in ideal monthly savings as a percentage of income, which grew more than 8% (8.61%) from autumn 2007 (13.52%) to winter 2007/08 (14.69%).

**Cutting down on overspending**

The current savings behaviour may also be a consequence of the population taking heed of the many warnings of late not to overspend. During the previous winter 2006/07, nearly two-fifths (37%) of people admitted to spending more than they ideally wanted each month. This quarter the number of people admitting to overspending has dropped to just over a quarter (27%).

**Figure 2: A seasonal decline**

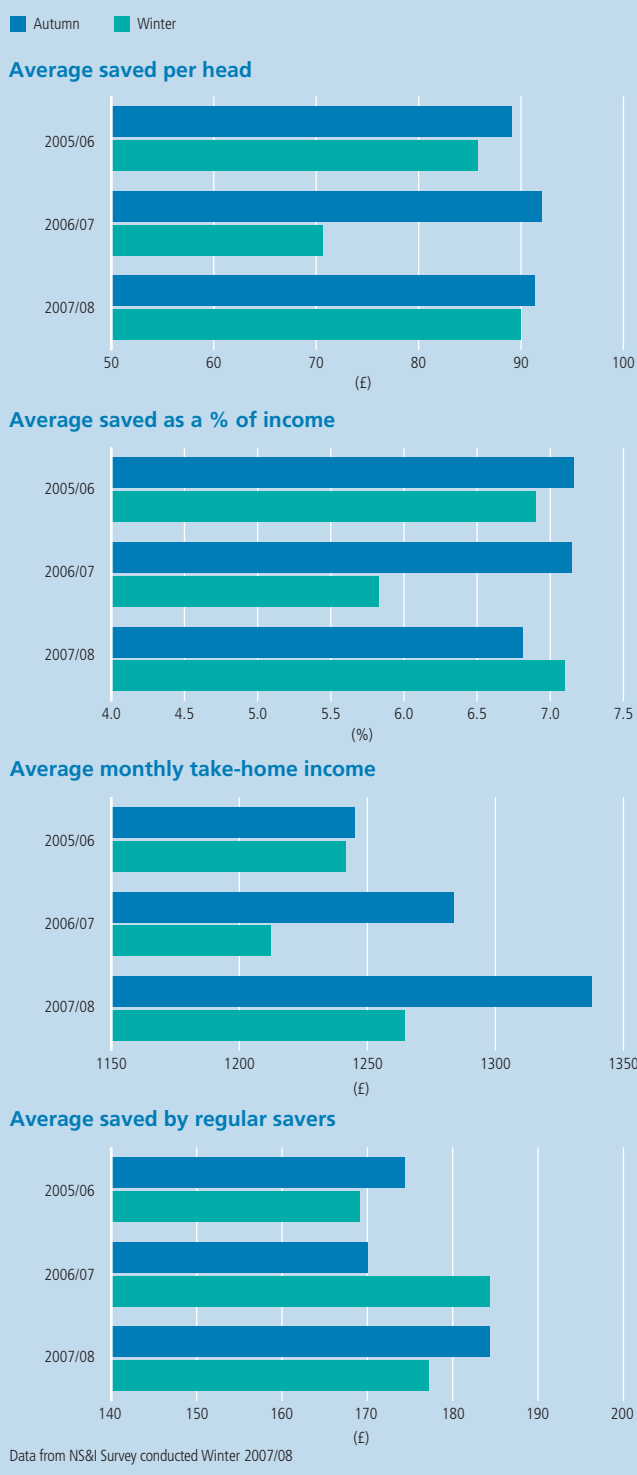


Figure 3a: Percentage who regularly save

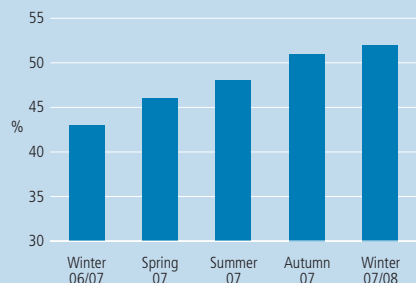


Figure 3b: Average saved per head

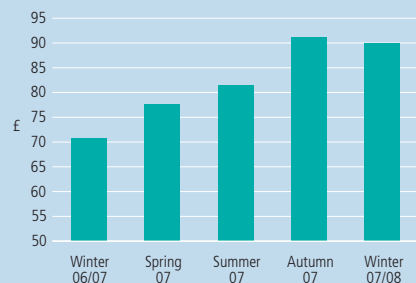
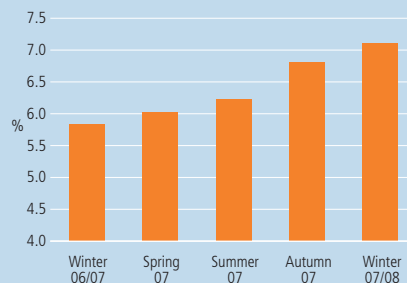


Figure 3c: Amount saved as percentage of average income



Data from NS&I Survey conducted Winter 2007/08

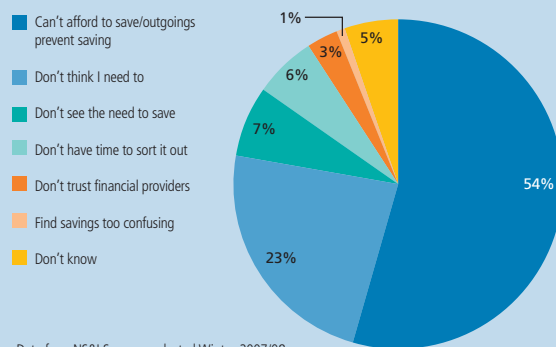
**Why the winter savings blues aren't as bad this year**

Traditionally the winter slip in savings has been blamed on consumers feeling over-burdened and lacking funds as a result of Christmas overspending. However this year some of that spending was curbed, according to the Office for National Statistics<sup>1</sup>. Tighter credit, stagnant incomes and higher energy bills were suggested reasons for retail sales volumes dropping by 0.4% in December. Overall activity at Christmas was far weaker than the City had been expecting, despite heavy discounting by retailers leaving prices 1.2% lower than last year. Sales volumes at department stores fell by 4.3%, the biggest monthly drop since February 1994. Christmas credit card spending was also slightly down, from £11.4 billion in December 2006 to £11.3 billion in December 2007, according to APACS<sup>2</sup>. The data also shows that the population are using their debit cards rather than credit cards to spend<sup>2</sup>, indicating that people are thinking more carefully about what they can and can't afford. While it was a hard Christmas for the shops, it appears that the reduced spending is good news for savers, with the population having a little extra money to set aside in savings this quarter.

<sup>1</sup>ONS January 2008

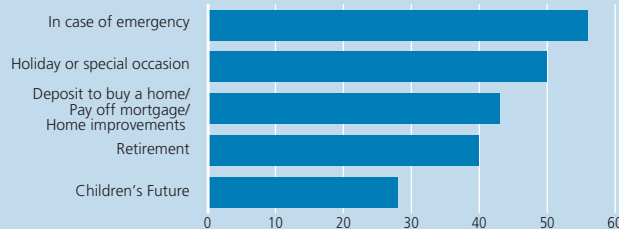
<sup>2</sup>APACS January 2008

Figure 4: What stops people saving more?



Data from NS&I Survey conducted Winter 2007/08

Figure 5: What are people saving for?



Data from NS&I Survey conducted Winter 2007/08. Top five options listed, respondents able to record more than one option

Despite positive savings indicators, a large percentage of savers are facing difficulties in putting money aside. When asked as part of the Quarterly Savings Survey why they did not save more, over half of people surveyed (54%) said that they could not afford to. (See figure 4) . It might be that through cutting down on their monthly outgoings, people have been able to set aside a larger percentage of their monthly take-home income.

It is important that people monitor and review their spending and saving habits frequently, in particular at times when income or outgoings vary, to make sure that they set aside a feasible amount of money each month to contribute towards financial security.

Over half (56%) of savers with a specific saving goal say they are setting money aside specifically to build an emergency fund. (See figure 5). This is more than double the figure for the same quarter last year, when just over a quarter (27%) were saving for an emergency. It could be that this winter 2007/08, people are more aware of the need for an emergency fund to cope with unexpected events in the future, with media speculation

on the likelihood of freak weather conditions or a possible downturn in the economy. In continuation of last quarter however, 31% of British savers stated in winter 2007/8 that they wouldn't be able to cope financially in an emergency.

While overall the evidence suggests that the savings start to 2008 has been a positive one, there is more that needs to be done.

- 48% of people do not save regularly each month
- Of those people 19% do not save at all
- 14% of people admitted to not knowing how much they should save each month, and 17% of people say they do not know how much they should be spending each month. This figure has nearly tripled since winter 2006/07 when it was 6%
- Of those who do regularly save, 16% of the population only manage to set aside £50 or less; this rises to 21% amongst women
- Just over one in 10 (11%) people who have managed to save have not kept track of the amount they have saved, suggesting they lack control over their finances

- Many savers do not have a savings strategy, with 72% saving for 'no specific reason'

Many sources of financial advice state that not implementing and closely monitoring a proper savings strategy is one of the key reasons that people fail to save sufficiently, therefore risking the security of their financial future.

**Separating out the super-savers**

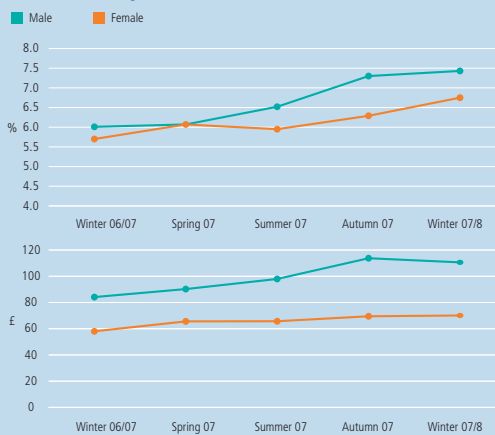
While women continue to trail behind men with the amount that they save, both in actual figures and percentage of income, both genders have built on last winter's savings levels. (See figure 6).

Britain's late 'thirty-somethings' and those in their forties have recorded some of the highest savings levels both across the population, and within their year groups since the survey began. (See figure 7). This is contrary to common assumptions that people of this age are less able to set aside money due to families, mortgages and other financial commitments associated with this stage of life.

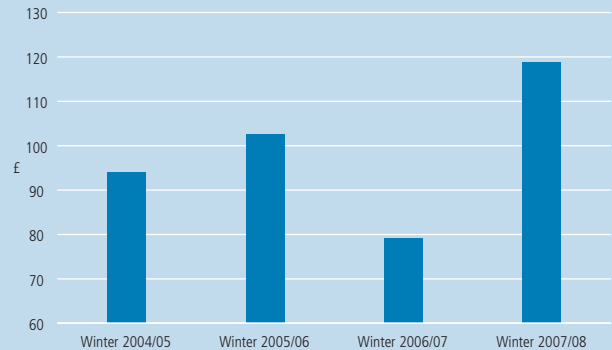
- 35-44 year-olds have recorded the highest ever quarterly figures, this includes the average amount saved per head (£118.78) and as a percentage of average income (7.75%). The amount that regular savers are setting aside is also at its highest at £214.73
- This increase in savings levels may be impacted by the amounts that those in their late thirties and early forties ideally want to save, which has increased to £212.94 each month (or 13.9% of average income) from £193.96 last winter 2006/7 (12.83% of average income), the highest levels since the survey began
- Those in their late forties and early fifties have also managed to save their highest monthly amount per head (£108.90) and as a percentage of their monthly take-home income (7.60%) since the survey began
- The 45-54 year-olds are the only age group to have experienced an across the board increase in all of the savings indicators

In contrast, the 25-34 age group, the 55-64 year-olds and people over 65 appear to be struggling. All of these age groups have experienced a decline in the average amount saved per head, as a percentage of income and the average monthly amount that regular savers set aside.

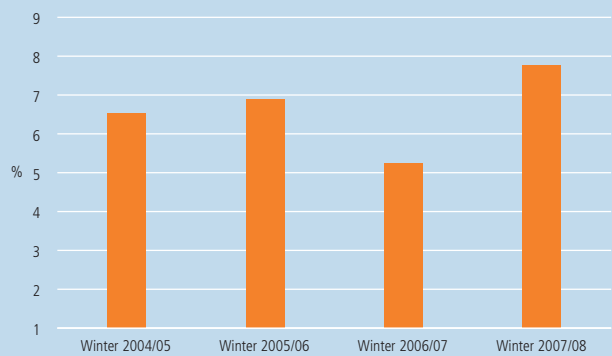
**Figure 6: Comparison of the amount men and women save of their monthly income**



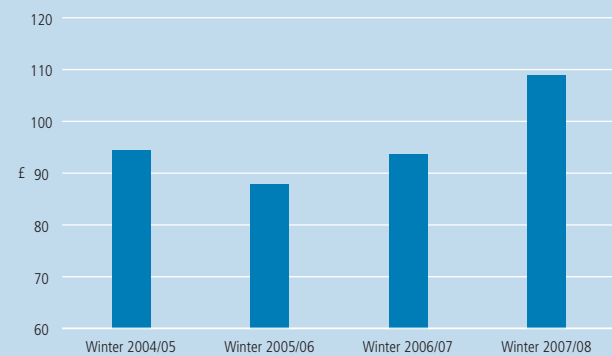
**Figure 7a: 35-44 super savers: Average saved per head (£)**



**Figure 7b: 35-44 super savers: % of income saved**



**Figure 7c: 45-54 super savers: Average saved per head (£)**



**Figure 7d: 45-54 super savers: % of income saved**

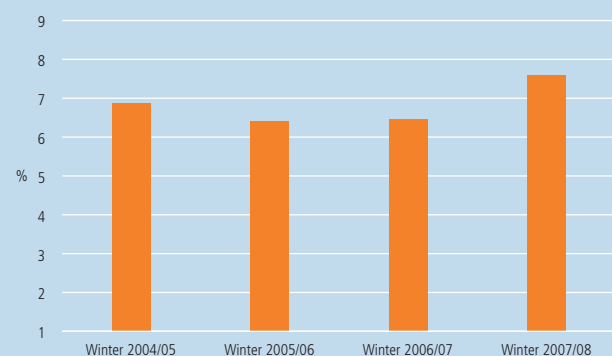


Figure 8: Consumer savings pattern across GB regions: Winter 2007/08

**East of England**

% of income saved*	5.94%
Ave. net income	£1242.90
% who regularly save	40%
Ave. amount saved**	£190.83

**East Midlands**

% of income saved?	7.88%
Ave. net income	£1276.07
% who regularly save	57%
Ave. amount saved**	£181.47

**London**

% of income saved*	7.20%
Ave. net income	£1457.70
% who regularly save	49%
Ave. amount saved**	£215.91

**North East**

% of income saved?*	6.22%
Ave. net income	£1053.70
% who regularly save	49%
Ave. amount saved**	190.83%

**North West**

% of income saved?*	6.63%
Ave. net income	£1162.80
% who regularly save	51%
Ave. amount saved**	£155.44

**Scotland**

% of income saved?*	7.51%
Ave. net income	£1095.94
% who regularly save	54%
Ave. amount saved**	£155.28



Green – Highest %

Orange – Lowest %

**South East**

% of income saved?*	7.63%
Ave. net income	£1245.40
% who regularly save	57%
Ave. amount saved**	£198.81

**South West**

% of income saved?*	6.11%
Ave. net income	£1244.90
% who regularly save	46%
Ave. amount saved**	£170.87

**Yorkshire & Humberside**

% of income saved?*	6.49%
Ave. net income	£1208.30
% who regularly save	50%
Ave. amount saved**	£165.64

**Wales**

% of income saved?*	8.23%
Ave. net income	£1054.00
% who regularly save	60%
Ave. amount saved**	£150.68

**West Midlands**

% of income saved?*	7.04%
Ave. net income	£1253.57
% who regularly save	52%
Ave. amount saved**	£171.23

\* % of income saved for total population of the region

\*\* Average amount saved by those who regularly save

Data from NS&I Survey conducted Winter 2007/08

**Regional**

Considering its struggle with savings last quarter, Wales has made an impressive comeback during winter 2007/08 with the highest number of regular savers, highest amount saved as a percentage of income and highest ideal savings as a percentage of income, joining Greater London as the most successful region this quarter.

- Average monthly amount saved per head is highest in the South East: £108.78
- Highest number of regular savers is in Wales: 60%
- Highest average monthly amount saved by regular savers is in Greater London: £215.91
- Highest amount saved as a percentage of income is in Wales: 8.23%
- Average monthly income is highest for Greater London: £1,457.70
- Highest ideal monthly amount of savings per head is in Greater London: £215.29
- Highest ideal savings as a percentage of average income is in Wales: 16.58%

The North East, South West and East Anglia are struggling with savings the most this quarter:

- Average monthly amount saved per head is lowest in the North East: £65.53
- Lowest number of regular savers is in East Anglia: 40%
- Lowest average monthly amount saved by regular savers, is in the North East: £136.48
- Average income is lowest in the North East: £1,053.70
- Lowest amount saved as a percentage of income is in East Anglia: 5.94%
- Lowest ideal monthly amount of savings per head is in the North West: £158.12
- Lowest ideal savings as a percentage of average income is in East Anglia: 13.20%

# Will people save more or less in the coming months?

The savings outlook shows the likelihood of people saving more or less over the next three months

## Negative attitude to saving short term

This winter, people are feeling less positive about their ability to save in the coming spring months than they have in the winter months.

When people were asked if they were more or less likely to save money in the next three months than previously, a third (33%) said 'less', compared to just under a quarter (23%) stating more. Only 5% of the population thought that they would be much more likely to save in the next three months.

The percentage who are less likely to save is higher than recorded for previous winters. Further, people seem to be becoming more pessimistic over time, with 33% less likely to save this quarter compared to 32% in winter 2006/7, 26% in winter 2005/06 and 19%, for the same quarter in 2004/05. At the same time the number of people believing that they will be able to save more has dropped year on year, (28%, 2005/6; 25%, 2006/07; 22%, 2007/08).

Men are more pessimistic than they have ever been before, with almost a third (32%) believing that they will not be able to set as much money aside in the coming months as this quarter. Pessimism increases with age, with a larger percentage of the older age groups saying that they will be unable to save more in the coming months. In fact more 55-64 year-olds and the over 65s state that they will be less able to save in the coming

three months than ever recorded before. For both age groups, 40% state that they are less likely to save.

## Will people save more or less in the coming year?

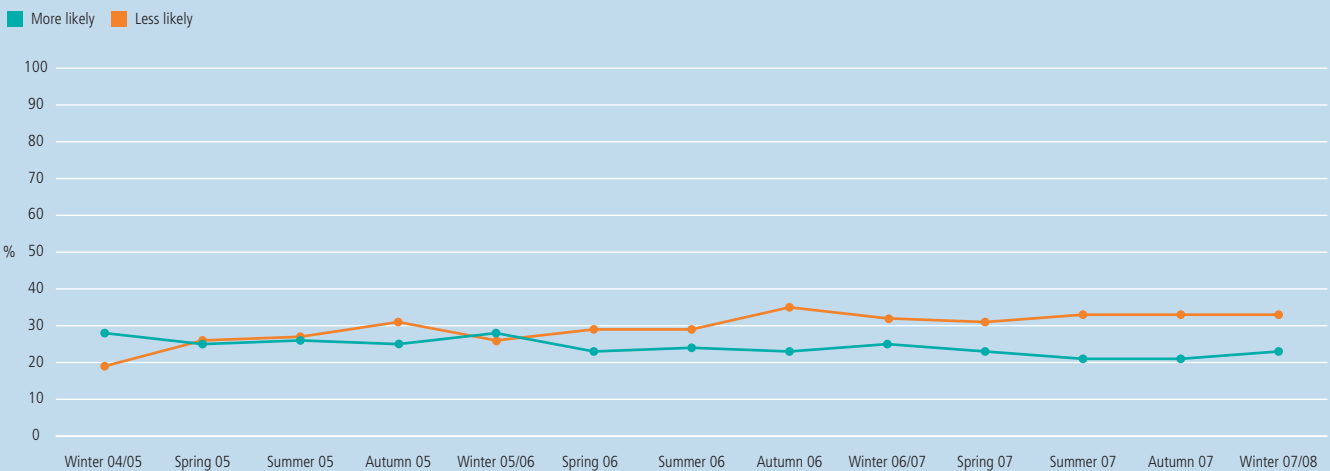
Looking towards the longer term, people have been consistently optimistic about their likelihood to save in the coming year. This winter, almost a third of the population (31%) stated that they are more likely to save in the next 12 months. However, while the population is still largely positive about the future, the figures indicate that this is decreasing over time, (see figure 10).

Figure 10: Increasing pessimism on the annual savings outlook

	More likely to save over the coming year	Less likely to save over the coming year
Winter 05/06	42	18
Winter 06/07	36	25
Winter 07/08	31	27

Data from NS&I Survey conducted Winter 2007/08

Figure 9: Change over time in % of people who believe they are more/less likely to save in the coming three months



Data from NS&I Survey conducted Winter 2007/08

# Brits' wallets taking a hit from cupid's arrow

For those people in the UK who are playing the dating game, the cost of romancing a partner is having a big impact on their wallets. According to those questioned for NS&I's Quarterly Savings Survey the average date is setting Brits back over £40 (£42.62), while nearly a third (32%) of people claim they would expect to pay over £50 to romance their date. With these large costs it isn't surprising that nearly two-thirds (63%) of Britain's romantics admit that they've overspent on a date.

When it comes to the tricky world of romance there are undoubtedly differences between men and women. But the respondents to the Quarterly Savings Survey have shown this is not just about body language and communication, there are also vast differences in attitudes to the financial side of dating.

## British men more willing to commit cash on courting

It is clear that many British men are traditionalists at heart and like to pick up the tab on an evening out. They are also far more willing than women to splash their cash to ensure they impress. On average, men claim they expect to fork out over £50 (£52.51) on the occasion and for the fortunate few, a lavish 6% of those questioned said they would spend over £100. Generosity abounds with 40% of men saying they think that their partner should pay nothing at all on a typical night out. Though it is not necessarily altruistic, 45% of men admit they want to be seen as generous and financially well off in an effort to impress their companion.

In comparison the ladies are much more cautious about spending their cash. On average they are prepared to spend just over £30 (£32.49) on stepping out with their suitor, (see figure 11). This maybe because over two-thirds (71%) of women say they want their date to think they are careful with their money, compared to just over half (59%) of men.

**The cost of dating is certainly not cheap. Assuming Britain's singletons go on one date a week, and in view of the average amount men and women say they spend on dates, it is notable that the total amount men, as a whole, spend on dates each year adds up to £12,219,077,000 whilst the figure for women is just £4,662,964,800.**

Data from TNS

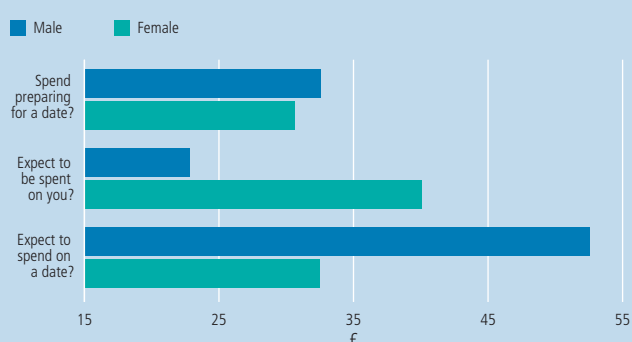
It isn't just spending on the 'date' itself that leads men to dig deep in their pockets. Challenging the common stereotype of the high-maintenance woman, men have admitted they will, on average, invest more than women on preparations for an evening out with their partner, such as on new clothes. On average, British men spend £32.56 preparing for a date, compared to an average of £30.62 spent by the ladies. Furthermore, a quarter of men (25%) claim they would spend more than £50, compared to less than a fifth (19%) of women saying they would spend the same amount.

## Saving and spending

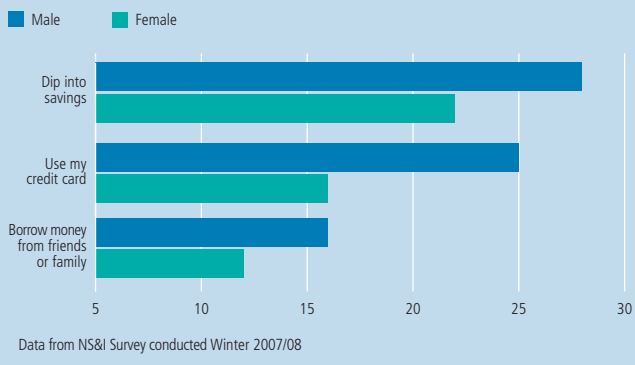
Just over a quarter (26%) of the male population state that they set money aside specifically to fund their dating. And well over a quarter (28%) of men say they would knowingly dip into their savings if they had a big date planned, compared to just over a fifth (22%) of women. Women also plan ahead for such occasions but are a little less conscientious; just 18% of ladies say they set aside money specifically for this reason.

It is concerning, however, to see that a quarter (25%) of British men are ready to spend on their credit card to pay for the event, even though they know it will be difficult to pay back. And 16% would borrow money from friends or families to pay for a date. However women are a little more cautious about getting into debt for the sake of a partner, with a lesser 12% saying they would borrow from family and friends and 16% admitting to shelling out for a date on their credit card knowing they couldn't afford it.

Figure 11: Cost of Dating: How much would you...



**Figure 12: How would you pay for a date?**



However, if a woman does decide to pay for a date, rest assured she'll remember her purse. Over nine out of ten (94%) women have never been caught short on a date and not had enough money to pay the bill. This is compared to 88% of men.

Perhaps single men should be advised to be less generous or extravagant in their spending attempts when it comes to looking for a loved one. 27% of men said they thought saving money was harder when they were dating or in the early stages of a relationship, compared to just 18% of women. On average 23% of people thought saving was harder when dating or in the early stages of a relationship, this compares to 31% who believe saving money is harder when married or co-habiting and 9% of people who believe it is harder as a non-dating singleton.

**Expectations**

The boys appear to know what the girls want. Almost a fifth (17%) of British women said they were expecting men to pick up the bill and pay for absolutely nothing. On average women said they expected their date to spend over £40 (£40.05) on them. Even worse for men, nearly one in ten (8%) women said that they expected over £75 lavished on them during a rendezvous. Men in contrast only expect their date to fork out, on average, £22.85 – expectations are meeting reality. While men spend on average over £50 (£52.51) for a typical date, women are generally spending about £20 less (£32.49).

**Short and long term investments**

While men are happy splashing the cash in the early stages of the dating game to secure success, women are far more cautious. Over three quarters (76%) of women would wait to make sure the relationship was worth it before they spend much money on a date, (see figure 13). In contrast, just over half (55%) of men wait to spend. But women should take warning, and not wait too long to put in a little financial investment to a budding relationship if they're keen. Nearly a fifth of British males (18%) have decided not to continue dating

someone because they didn't think it was worth the money. In comparison, less than one in ten (9%) women have done the same.

**Figure 13: Splash the cash or wait to spend?**

