Get Saving 2007

A report by RAKM for IFA Promotion

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Summery

This is the fifth detailed investigation of saving and borrowing to be carried out by IFA Promotion.

- The increase in the value of debt outstanding has slowed considerably in 2006 to such an extent that the rate of increase in saving has overtaken that of debt for the first time since this research series began.
- The proportion of people who describe themselves as pure savers without any borrowing has fallen back to the 2004 level of a quarter of the adult population.
- The proportions who describe themselves as both an active saver and a borrower have climbed to its highest proportion of one in five of the population.
- Nearly half of the population (46%) describe themselves as having no borrowing, while only 15% describe themselves as having no savings.
- Some 30% of adults say that they are in a position to increase the amount that they save, although this proportion rises to 35% for men; in contrast only one in four women say that they are in a position to increase the amount that they save.
- Men are much more likely to say that they are in a position to increase the amount that they save, however between the ages of 16 to 64 the proportion drops significantly (from 40% to 27%) before showing some signs of improvement.
- Only 35% of women say that they can increase the amount they save at age 16 to 24 by the age 65 to 74 this proportion has fallen to 19% and no women aged over 75 say that they are in a position to increase the amount they save.
- When asked what was the biggest barrier to increasing the amount that they saved the most popular reason for not increasing the level of saving was that people enjoy spending their money more than they seem to enjoy saving it.
- Dissatisfaction with the level of returns increases in popularity with age, only 9% of 25-34 cite thus as a reason for not increasing their savings compared with 23% of 65-74 year olds.
- The repayment of debt is a very popular reason for 25-34 year olds (37%) while only 13% of 55-64 year olds and 14% of 65-74 year olds cite this reason.
- Hedonism seems to be a popular reason for not increasing savings in London and the South East and to a certain extent in the North West of the country.
- Exactly half of the adult population describe themselves as “Bargain spenders”, choosing not to spend their money on expensive things, although analysis by gender shows that significantly more women (56%) than Men regard themselves as “Bargain Spenders”.

- There is no real difference by gender or socio – economic group when it comes to those people who classify themselves as “Frivolous spenders” with approximately one in ten adults placing themselves in this category.
- The most “Frivolous spenders”, with 12% of the population placing themselves in this group, are found in the North of the country and the least frivolous are found just across the boarder in Scotland and also in the East Midlands with only 6% of the population saying that they were in this group.
- Frivolity appears to peak among adults around age 25-34 and declines dramatically after age 44 with no adults aged over 75 placing themselves in this category.
- The respondents with “Frivolous” spending behaviour see this attitude spreading into the way that they save with over a fifth (22%) of people who describe themselves as “infrequent savers and borrowers”, and “infrequent borrowers with no savings” – the emphasis here being on infrequent.
- The spending behaviour with the highest proportion of borrowers is not the “Credit” group but the “Frivolous” spenders with nearly three quarters of them admitting to borrowing.
- The hedonistic theme seen earlier in the report is reinforced by the results of the question what would you do if your income increased? The most popular use of the extra income would be a holiday, this is especially true among women, the 25-34 and the 55-74 year olds.
- Both long and short term savings would be chosen by less than one in four of the respondents. While paying off debts is popular with 41% of the respondents rising to over 50% of those respondents aged 25-44, only the 75+year olds record less than one in four choosing this option.
- Men are more likely to spend the extra income on entertainment and Leisure than women; these two options also have a definite age bias with younger respondents more likely to spend extra income on these options than their older counterparts.
- The trend of hedonism seen in the previous tables are further reinforced by the results of this analysis of the respondents answer to the questions “are you in a position to increase your savings?” and “if your income rose by 25% how would you spend the money?” with almost half (48%) of those respondents who say that they are already in a position to increase the amount that they save choosing to spend money on a holiday and only 34% saying that they would put some money into their long term savings and only 26% say that they would add some to their short term savings.
- Some 60% of the “Frivolous” spenders would use the extra income to pay of some of their debt, compared with 55%of the “Credit” spenders who would do the same. The “Random” spenders were the least likely to need to use some of the extra income to pay off debt.

- If the respondent faced a financial crisis how would they respond? In 2006 the number who would take money from their savings has more than doubled to 48%, analysis of this proportion by age finds that 58% of the over 50's would choose this option compared to 40% of the 30-50 year olds.
- There has also been a significant increase in the proportion of people who would seek to sell an item of value as a means to raise the money needed with nearly one in five of respondents choosing this option compared to only 1% in 2004, it is possible that the growth in popularity of on-line auction services have influenced this change in behaviour.
- Some two thirds of all adults have had to help out a friend financially, with Women slightly more likely to have done so than Men.
- Children are the most likely to have received some financial help from their parents, with mothers significantly more likely to have helped their offspring than the fathers. Parental help increases dramatically with age with adults aged between 55- 74 more than four times more likely to have helped their children than a parent aged 35-44.
- While women are more likely than men to provide financial assistance for their children, men are more likely than women to provide financial assistance for their friends; this is true also of work colleagues. People are most likely to offer financial assistance to their friends when they are younger with over half of all 16-44 year olds having provided such assistance compared to less than one in five 65 – 74 year olds.
- Children in London seem to be in a unique position, either they do not need the assistance of their parents to the same extent as the rest of the country, or their parents are not in a position to provide financial assistance in the same way as parents in the rest of the country. Children from the East midlands and Yorkshire and Humberside are the most likely to have turned to their parents for financial assistance.
- When it comes to supporting the family the people who live in the North of the country are most likely to have given a family member financial support, while people in London are least likely to have offered that kind of support to their family.
- When it comes to providing financial support the vast majority of the money used (88%) comes from existing reserves, either the current account or the savings pot held by the donor, only one in twenty people resorted to debt to fund the donation.
- Some 71% of the population have never been asked to provide financial help, however there are some interesting variations in this figure by age; half of the over 75+ have been approached by someone seeking financial assistance while nearly four fifths (79%) of people aged 55-64 have not been approached.
- Less than one in ten people said that they would not want to help someone out financially, with almost one in twenty women saying that they wouldn't want to help someone out financially.

- The proportion of people who would not want to help someone out financially jumps to one in five among people who live in London, while in Wales the proportion is around one in fifty, a similar proportion is found among respondents from the North and the East Midlands region.
- The Scots (77%) followed closely by people living in the South East (76%) say that they have not been approached by someone seeking financial help, only some 60% of Londoners have said that they have not been approached.
- The “Frivolous” and the “Random” spenders are most likely to say that they would not want to help someone out financially, with the “Occasional” spender least likely to say that they wouldn’t help.
- The “Frivolous” spenders are the most likely, by a significant margin, to say that they wouldn’t help someone out financially.
- Nearly a third of respondents (32%) say that they know their current account balance to the nearest £1, while nearly one in five have only a vague idea of their current account situation.
- Those respondents who had nominally retired, the over 65’s had the greatest awareness of their financial position, with over two thirds of these respondents knowing the position of their current accounts to at least £10. The respondents aged 35-44 were the least aware of their financial position with only 55% knowing their position to the nearest £10.
- Women are more aware of their level of indebtedness than men, with 61% knowing the value of their borrowing to the nearest £10 and only 12% having know real idea this compares with 54% of men knowing their debt to the nearest £10 and 21% having no idea of their debt.
- The responses for debt awareness are certainly more dramatic than those for savings, only 30% of the frivolous spenders knowing their level of debt to the nearest £10 compared to 63% of bargain shoppers.
- When it comes to influences on financial behaviour women and the over 55’s are least likely to be influenced by other people with the majority of these people saying that no one has an influence on the way they spend their money. Men and the 25-34 year olds are most likely to be influenced by another person or group when it comes to spending their money.
- The spouse/partner of the respondent is the most powerful individual when it comes to how a person spends their money this is particularly true for men and those respondents aged 65-74.
- Respondents from Scotland were the most likely to be influence by other people when it comes to spending their money – only 41% said that they were not influenced by a third party, while respondents from the South West are least likely to be affected by outside influences – 54% said they were not influenced by anyone else.
- The spouse/partner is equally influential to the “Occasional” and the “Credit spenders with both recording a 31% agreement, the spouse/partner is least influential on the “frivolous” spender.

- When it comes to how people feel about their financial position the population seems to be split fairly evenly in response to this question with approximately a third of people placing themselves in each group.
- The youngest respondents aged 16-34 are significantly more likely to say that they are more comfortable with their financial position than they were 12 months ago, while respondents age 35-54 are significantly more likely to say that they are less comfortable than 12 months ago. The majority of the over 65 feel that there has been no change in their financial position when compared with 12 months ago.
- Respondents from London and Scotland are least likely to feel that there has been no change in their circumstances with only 31% placing themselves in this category.
- Respondents from the London were the most comfortable with their financial position (35%) when compared with 12 months ago, followed by Wales and Scotland (33%).
- Respondents living in the North are the most likely to say that their financial position are worse than 12 months ago, with people from the West Midlands also recoding a high level of pessimism (39%).
- Unsurprisingly the two groups least happy with their financial position compared with 12 months ago are the “Frivolous” and the “Credit” spenders, both recording 43% of group members in this category.
- Slightly over a third of people (35%) have said that they have not changed the way that they manage their finances a further 24% have said that they have reduced their debt and 22% say that they are now trying to live within their means.
- The “Frivolous” spenders are the most likely to say that they have reduced their debt in the last 12 months (28%) the random spenders are the least likely to say that they are in this group.

Introduction

The market for savings has improved dramatically over the last 12 months, as interest rates have continued to rise and global stock market performances have maintained positive growth, linked to this has been an increasing realisation among consumers that the amount of personal debt was becoming dangerously high. Against this background this latest IFA Promotion investigation into the public's attitude towards saving and borrowing breaks new ground with investigations into consumers spending behaviour and its impact on their savings aspirations and ability to manage their money. As with previous editions of this document the core research has been augmented with new consumer research and opportunities have been taken to revisit questions from earlier years that are relevant to the topics covered in 2006.

This document seeks to understand the current relationship between consumption, debt and saving. It will draw on a number of different sources in the course of its examination, these sources include government statistics, industry statistics and the results of consumer research especially commissioned for IFA Promotion among a nationally representative sample of individuals aged 15+. The fieldwork for the research was carried out by the Omnibus research company YouGov among a sample of 2,705 adults with field work being carried out in October 2006, where available the latest data from government and industry sources are used.

Figure 1 examines the latest data from the Bank of England on savings and borrowing by the individual. The savings data only relates to monies placed in building societies and banks it does not include monies placed with investment companies and life offices investment savings scheme.

Figure 1 Individuals, Banks and building societies savings and borrowing, outstanding balances, Q1 2001 – Q3 2006

	Saving		Borrowing	
	Changes in balances outstanding	Balances outstanding	Changes in balances outstanding	Balances outstanding
2001				
Q1	+5.1	382.3	+5.6	476.0
Q2	+7.3	389.7	+13.4	489.4
Q3	+6.9	396.7	+13.3	501.7
Q4	+6.3	403.0	+13.2	514.8
2002				
Q1	+7.1	410.1	+12.1	525.7
Q2	+10.0	420.1	+16.3	540.6
Q3	+4.6	424.0	+19.7	560.1
Q4	+9.5	433.5	+16.8	575.8
2004				
Q1	+8.0	484.5	+11.1	631.5
Q2	+11.4	496.4	+18.5	647.4
Q3	+9.2	505.5	+16.1	650.4
Q4	+ 1 2 . 8	518.5	+16.5	666.7
2005				
Q1	+ 8. 3	527.0	+2.4	666.8
Q2	+13.5	540.6	+8.2	673.7
Q3	+0.7	544.4	+2.4	689.7
Q4	+ 2 . 2	556.2	+1.7	701.6
2006				
Q1	+2.0	567.1	-1.0	694.4
Q2	+2.3	580.2	+1.8	706.9
Q3	+2.0	592.0	+1.9	720.3

Source: Bank of England/RAKM for IFA Promotion

The increase in the value of debt outstanding has slowed considerably in 2006 to such an extent that the rate of increase in saving has overtaken that of debt for the last four quarters. The figure recorded by the bank is only the capital amount. It does not take into account the interest that is accrued by the saving and the borrowing and thus to a certain extent, underestimates the gap between the amounts of saving and borrowing outstanding.

Figure 2 examines the savings placed in life funds.

Figure 2 individual new savings into life and pensions products, Q1 2000 – Q3 2006

	Regular Premiums				Single Premiums			
	Life	Pensions	CIS	Total	Life	Pensions	CIS	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2001								
Q1	292	492	135	919	6,381	2,242	2,350	12,972
Q2	316	645	137	1,099	6,086	2,241	2,213	12,606
Q3	307	612	108	1,027	6,036	2,157	1,243	11,364
Q4	306	654	79	1,039	6,614	2,100	1,628	12,892
2002								
Q1	304	595	99	997	6,170	2,762	1,841	12,816
Q2	323	654	138	1,115	6,701	2,653	2,451	11,805
Q3	340	489	91	920	5,479	3,092	2,565	11,136
Q4	345	492	89	926	5,504	2,682	2,538	10,724
2004								
Q1	281	464	116	861	4,908	2,198	2,316	9,422
Q2	283	494	164	941	5,105	2,241	2,943	10,289
Q3	271	451	132	854	5,558	3,071	1,541	10,170
Q4	247	455	150	852	6,457	3,111	1,632	11,200
2005								
Q1	254	479	145	878	5,317	2,584	2,193	10,094
Q2	289	563	155	1,007	5,674	2,719	2,714	11,107
Q3	270	491	143	904	5,999	3,185	2,748	12,970
Q4	275	539	147	961	7,864	3,786	2,707	14,357
2006								
Q1	261	613	170	1,044	7,082	3,811	3,954	14,847
Q2	254	947	199	1,400	6,897	4,158	5,458	16,513
Q3	264	692	142	1,098	7,279	5,766	3,293	16,338

Source: Association of British Insurers/RAKM for IFA Promotion

Sales of regular premium products have shown a continued improvement with pension sales continuing to improve, however, life products continue to show mixed performance. Sales of single premium products have grown substantially and unlike the regular premium products the single premium life products are showing impressive growth. .

The overall picture for savings is generally good when compared with the previous two years, banks and building societies have seen the effects of raised interest rates while the longer term savings such as the products included under the banner Collective investment Schemes (CIS) have also seen the impact of improvements in the performance of the stock markets. The slight decline in the rate at which debt is growing is interesting and it will be interesting to see how the market develops over the next 12 months.

Who are the savers and who are the borrowers?

In an ideal world the UK population would be divided between the majority of individuals who were savers and a minority who were borrowers, unfortunately the distinction is not so clear cut. IFA Promotion sought to identify the proportion of people who felt that they were savers, the proportion who thought they were borrowers, the proportion who believed they were a combination of both types and the proportion of the population who felt that they were neither a saver nor a borrower. The following classifications were used to divide the responses obtained:

Figure 3 Are you a saver or a borrower? 2002-06

	2002	2003	2004	2005	2006
	%	%	%	%	%
I am an active saver with no borrowing	29	27	25	28	25
I am an active saver and borrower	17	15	18	14	20
I am an infrequent saver with no borrowing	15	13	13	13	12
I am an infrequent saver and borrower	18	9	10	9	14
I am neither a saver or a borrower	4	13	14	13	9
I am an infrequent borrower and a saver	2	10	4	10	10
I am an infrequent borrower with no savings	5	5	9	5	6

Source: BMRB/YouGov/RAKM for IFA Promotion

- The proportion of people who describe themselves as pure savers without any borrowing has fallen back to the 2004 level of a quarter of the adult population, while the proportion who describe themselves as both an active saver and a borrower has climbed to its highest proportion of one in five of the population.
- Less than one in ten people now describe themselves as neither a saver nor a borrower, the same proportion who describe themselves as infrequent borrowers and savers.
- Nearly half of the population (46%) describe themselves as having no borrowing, while only 15% describe themselves as having no savings.
- Figure 4 examines the responses of individuals by their gender.

Figure 4 Are you a saver or a borrower? By gender, 2003-06

	Male				Female			
	2003	2004	2005	2006	2003	2004	2005	2006
	%	%	%	%	%	%	%	%
I am an active saver with no borrowing	26	24	29	26	29	26	28	25
I am an active saver and borrower	16	20	15	21	14	15	14	18
I am an infrequent saver with no borrowing	12	11	13	10	13	15	14	13
I am an infrequent saver and borrower	9	11	11	14	9	10	8	14
I am neither a saver or a borrower	13	15	12	8	14	13	13	10
I am an infrequent borrower with no savings	6	3	4	10	5	5	5	11
I am an infrequent borrower and a saver	10	9	9	7	10	8	10	5

Source: BMRB/YouGov/RAKM for IFA Promotion

- The percentage of both men and women who describe themselves as active savers with no borrowing has declined by a similar proportion.

- Some 44% of men describe themselves as having no borrowing, while 48% of women describe themselves in the same way; 18% of men say they have no savings compared with 21% of women.
- The greatest increase in activity has been recorded in borrowing with the percentage of men who describe themselves as active savers and borrowers and among women who describe themselves as infrequent savers and borrowers.

Figure 5 examines the responses of individuals by region.

Figure 5 Are you a saver or a borrower? By region 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scotland
	%	%	%	%	%	%	%	%	%	%	%
I am an active saver with no borrowing	30	26	27	23	28	23	24	29	20	14	26
I am an active saver and borrower	21	20	17	17	20	23	15	20	18	21	21
I am an infrequent saver with no borrowing	9	11	10	8	17	11	15	10	12	15	11
I am an infrequent saver and borrower	14	15	11	16	8	13	15	15	16	14	19
I am neither a saver or a borrower	10	8	14	7	11	6	8	9	12	12	6
I am an infrequent borrower with no savings	7	11	10	12	9	12	13	10	11	16	4
I am an infrequent borrower and a saver	5	7	7	12	6	7	4	4	8	6	4

Source: YouGov/RAKM for IFA Promotion

- Over half of people (51%) living in London describe themselves as active savers, with almost a third (30%) saying that they are active savers with no borrowing. By contrast people in the North of England have the lowest proportion of active savers with only slightly over a third (35%) placing themselves in this category.
- The South West has the highest proportion of people who say they have no borrowing (41%), followed closely by London (40%) and the West Midlands (39%).
- The North of England has the highest percentage of people who say that they have no savings (28%), while just over the boarder only 10% of the population say that they have no savings.
- The previous three tables examined the way in which people describe the way they save and borrow money; the next set of tables examines the reactions of those people who describe themselves in some way as a saver to the question of increasing the amount that they save. Figure 6 examines the responses obtained over the last four years by gender of the respondent.

Figure 6 Are you in a position to increase your savings? by gender, 2003-06

	All				Male				Female			
	%	%	%	%	%	%	%	%	%	%	%	%
	2003	2004	2005	2006	2003	2004	2005	2006	2003	2004	2005	2006
Yes, I am	32	29	28	30	36	37	32	35	28	23	25	25
No, I am not	67	68	70	64	64	61	66	60	70	75	73	68

Source: BMRB/YouGov/RAKM for IFA Promotion

- Some 30% of adults say that they are in a position to increase the amount that they save, although this proportion rises to 35% for men; in contrast only one in four women say that they are in a position to increase the amount that they save, the same proportion that was recorded last year.

Figure 7 examines the responses to this question by the respondent's age and sex

Figure 7 Are you in a position to increase your savings? by age and sex, 2006

	16-24	25-34	35-44	45-54	55-64	65-74	75+
Male	%	%	%	%	%	%	%
Yes, I Am	40	42	39	37	27	31	33
No, I am not	54	55	57	60	68	60	67
Female							
Yes, I Am	35	28	28	25	23	19	0
No, I am not	57	66	64	69	73	72	100

Source: YouGov/RAKM for IFA Promotion

- Men are much more likely to say that they are in a position to increase the amount that they save, however between the ages of 16 to 64 the proportion drops significantly (from 40% to 27%) before showing some signs of improvement.
- Only 35% of women say that they can increase the amount they save at age 16 to 24 by the age 65 to 74 this proportion has fallen to 19% and no women aged over 75 say that they are in a position to increase the amount they save.

Figure 8 examines the responses for this year by region.

Figure 8 Are you in a position to increase your savings? by region, 2005

	All	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scotland
	%	%	%	%	%	%	%	%	%	%	%	%
Yes, I am	30	35	35	23	31	26	28	28	34	28	25	31
No, I am not	64	58	62	74	62	69	66	68	60	67	65	64

Source: YouGov/RAKM for IFA Promotion

- London and the South East have the highest proportion of savers (35%) who say that they are in a position to increase the amount that they save, while people living in the South West have the lowest proportions (23%) who say that they are in a position to increase the amount that they save.
- The respondents who live in the Yorkshire and Humberside region have the next highest proportion of people who say that they are in a position to increase the amount that they save (34%) while people from the surrounding regions – East and west Midlands (28%), the North East (28%) and the North (25%) - record significantly lower proportions who say that they are in a position to increase their savings.

What is the biggest barrier to saving?

IFA Promotion then asked the respondents who indicated they were in a position increase the amount they save but were not willing to do so, why this was so?

Figure 9 examines the responses by the gender of the respondent.

Figure 9 Why aren't you increasing the amount you save? By gender, 2003-06

	All				Male				Female			
	03	04	05	06	03	04	05	06	03	04	05	06
	%	%	%	%	%	%	%	%	%	%	%	%
It's not worth it. The returns are too low	10	7	4	16	8	8	4	17	12	5	3	14
I'm already saving enough	34	40	28	23	32	41	28	25	37	38	29	21
I plan to start saving in the next 12 months	-	15	16	28	-	13	11	28	-	17	22	28
I am paying off my debts first	16	13	14	24	17	13	13	27	16	11	15	19
I enjoy spending my money	14	17	18	32	16	16	20	34	11	19	15	30
I don't need to save, I am expecting to receive an inheritance/bonus/windfall/award in the future	3	4	2	3	3	4	3	5	3	2	2	2
I have already increased the amount I save	n/a	n/a	n/a	5	n/a	n/a	n/a	4	n/a	n/a	n/a	7
None of these	6	5	6	8	8	5	9	7	4	7	6	10

Source: BMRB/YouGov/RAKM for IFA Promotion

- While in previous years the most popular reason chosen for not increasing the amount that they save was that the respondents felt they were already saving enough, this year the most popular reason for not increasing the level of saving was that people enjoy spending their money more than they seem to enjoy saving it.
- The next most popular reason for not increasing the amount saved was that the respondent planned to increase their savings sometime in the next 12 months, this choice was equally popular among both Men and Women.
- There has also been a significant increase, among the male respondents, in the number of people who said that they wanted to pay off their debts before they started to save, while not as dramatic there is a notable increase in the proportion of women who want to pay off debt rather than increase their saving.

Figure 10 examines the responses by the age of the respondent.

Figure 10 Why aren't you increasing the amount you save? By age, 2006

	All	16-24	25-34	34-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%
It's not worth it. The returns are too low	16	12	9	17	17	22	23	0
I'm already saving enough	23	25	13	18	31	26	40	25
I plan to start saving in the next 12 months	28	31	37	30	28	24	10	25
I am paying off my debts first	24	22	37	26	25	13	14	0
I enjoy spending my money	32	39	34	39	35	27	15	40
I don't need to save, I am expecting to receive an inheritance/bonus/ windfall/award in the future	3	2	2	4	8	3	2	0
I have already increased my savings	5	7	8	2	2	6	8	25

Source: YouGov/RAKM for IFA Promotion

- It is notable the significant difference in the response of adults aged 65-74 to the question why aren't you increasing the amount that you save; only 15% said that they enjoyed spending their money, while 40% said that they felt that they were already saving enough.
- Dissatisfaction with the level of returns increases in popularity with age, only 9% of 25-34 cite thus as a reason for not increasing their savings compared with 23% of 65-74 year olds. By contrast the repayment of debt is a very popular reason for 25-34 year olds (37%) while only 13% of 55-64 year olds and 14% of 65-74 year olds cite this reason.
- Although derived from a small base it is noticeable that a quarter of the respondents aged 75+ say that they have already increased their savings this year this figure is five times the overall population figure of 5%.

Figure 11 examines the responses regionally.

Figure 11 Why aren't you increasing the amount you save? 2006

All	All	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scotland
	%	%	%	%	%	%	%	%	%	%	%	%
It's not worth it. the returns are too low	16	20	17	21	8	13	17	17	15	10	10	23
I'm already saving enough	23	22	18	18	27	19	33	33	28	27	15	18
I plan to start saving in the next 12 months	28	31	29	32	32	26	24	13	27	37	30	26
I am paying off my debts first	24	27	17	29	27	22	13	28	22	32	38	24
I enjoy spending my money	32	39	38	32	30	28	27	22	32	36	30	26
I don't need to save, I am expecting to receive a lump sum in the future	4	2	2	8	5	6	2	2	4	7	7	0
I have already increased my savings	5	5	5	0	8	4	9	4	7	5	5	4
Average number of responses	1.3	1.5	1.3	1.4	1.4	1.2	1.3	1.2	1.4	1.5	1.4	1.2

Source: YouGov/RAKM for IFA Promotion

- Hedonism seems to be a popular reason for not increasing savings in London and the South East and to a certain extent in the North West of the country.
- The reasons seem quite polarised among the respondents from the West Midlands, East Anglia and Scotland with the people only choosing on average 1.2 responses comparing with people from London and the North West who chose on average 1.5 responses.
- Respondents from the Midlands (both East and West) were the most likely to say that they were saving enough, while respondents from the North were the least likely to choose this reason.
- People living in the South West and Wales were the most likely to say that they were planning to increase their savings in the next 12 months, while respondents from the West Midlands were the least likely to choose this option.
- No one from the South West has increased their savings in the last 12 months.

Figure 12 examines the ownership of savings vehicles by age; the data from this table is taken from the survey carried out annually by the Department of Work and Pensions.

Figure 12 Ownership of individual types of savings vehicles by age, 2006

	All adults	16-24	25-34	35-44	45-54	55-59	60-64	65-74	75-84	85+
	%	%	%	%	%	%	%	%	%	%
Current account	90	87	92	93	93	92	91	88	84	79
Post Office account	5	4	5	3	5	5	5	5	5	8
Basic bank account	6	8	7	6	6	5	6	7	7	6
TESSA	6	0	2	3	6	10	11	12	8	6
ISA	33	19	27	27	37	45	42	42	31	21
Other account	52	33	48	50	56	59	55	54	54	48
Stocks & Shares	21	7	13	20	24	30	29	25	21	17
PEPs	7	0	2	5	8	11	12	12	8	4
Unit Trusts	5	1	2	3	5	7	8	7	5	4
Gilts	1	0	0	0	0	1	1	1	2	2
Premium Bonds	22	8	12	17	26	33	31	30	26	20
National Savings Bonds	4	1	1	1	2	3	5	7	10	9
Company Share/profit sharing schemes	4	2	6	7	7	4	2	1	0	0
Any Account	95	94	96	97	96	97	95	95	94	93
Average number of accounts	2.56	1.70	2.17	2.35	2.75	3.05	2.98	2.91	2.61	2.24

*less than 0.5%

Source: DWP Family Resource Survey 2006 /RAKM for IFA Promotion

The data produced by the DWP (based on a sub sample of approximately 28,000 households) is useful in identifying the range and penetration of savings products owned by the population. The current account is the most universally held product; however, it does not enjoy 100% penetration with only 9 in 10 adults holding such an account, although a further 6% now hold the basic bank account. The next most popular product, the ISA, only reaches one in three of the population, although this is an increase over the previous year with a significant increase in ownership for older investors.

The next two types of products that record significant ownership are stocks and shares and premium bonds, both offering the opportunity for significant returns but with differing levels of risk to the initial capital investment. Both products show similar ownership patterns by age, this is also true by region, working status and income. There is however, a difference recorded by ethnic group, with people from both the Asian and Chinese ethnic backgrounds more likely to own stocks and shares than Premium bonds.

All other savings products recorded ownership of less than 10% of the population as a whole and fewer than 15% for any individual age group.

Financial personalities

This year IFA Promotion has looked into the broader picture of consumer financial behaviour, asking consumers how they feel they behave when it comes to spending their money. Respondents were asked "Which of the following statements best applies to you?" The choices of descriptions were as follows:

- If I like something I buy it regardless – Frivolous spender;
- I save up for something specific then s - Occasional spender;
- I don't spend money on expensive things, I - Bargain spender;
- I buy things on my credit card/interest free - Credit Spender;
- None of these – Random spender.

The results obtained form this question is examined in the following tables; Figure 13 examines the responses by gender and the respondent's socio – economic group.

Figure 13 Spending behaviours, by gender and socio- economic group, 2006

	All	Male	Female	ABC1	C2DE
	%	%	%	%	%
Frivolous spender	9	9	8	8	9
Occasional spender	20	24	16	22	19
Bargain spender	50	43	56	46	54
Credit spender	12	12	11	13	10
Random spender	10	11	9	11	8

Source: YouGov/RAKM for IFA Promotion

- Exactly half of the adult population describe themselves as “Bargain spenders”, choosing not to spend their money on expensive things, although analysis by gender shows that significantly more women (56%) than Men regard themselves as “Bargain Spenders”.
- There is no real difference by gender or socio – economic group when it comes to those people who classify themselves as “Frivolous spenders” with approximately one in ten adults placing themselves in this category.
- Men are slightly more likely than women to place themselves in the “Occasional spenders” group with almost a quarter of men seeing themselves with such behaviour, this is also true of adults in the ABC1 socio – economic group with over one in five of all adults placing themselves in this group.

Figure 14 examines these groups by region.

Figure 14 Spending Behaviours, by region, 2006.

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scotland
	%	%	%	%	%	%	%	%	%	%	%
Frivolous spender	11	10	7	7	10	6	7	8	10	12	6
Occasional spender	18	19	20	20	23	***22***	***22***	***22***	***20***	***19***	***19***
Bargain spender	47	50	46	55	48	***48***	***51***	***52***	***50***	***50***	***55***
Credit spender	12	10	12	9	10	***13***	***14***	***10***	***12***	***15***	***12***
Random spender	13	11	16	8	9	***12***	***7***	***9***	***9***	***5***	***8***

Source: YouGov/RAKM for IFA Promotion

- The most “Frivolous spenders”, with 12% of the population placing themselves in this group, are found in the North of the country and the least frivolous are found just across the boarder in Scotland and also in the East Midlands with only 6% of the population saying that they were in this group.
- Most people in Wales and Scotland see themselves as “Bargain spenders” with 55% of the population placing themselves in this group. By contrast only 46% of the population of the South West say they are “Bargain spenders” although this region contains the largest proportion of people who place them selves in the “Random spenders” group.

Figure 15 examines how age effects the way people classify their spending habits.

Figure 15 Spending Behaviours, by region, 2006.

	All	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%
Frivolous spender	9	12	13	12	7	5	2	0
Occasional spender	20	28	28	18	15	20	***13***	***16***
Bargain spender	50	48	44	49	55	***50***	***59***	***32***
Credit spender	12	2	9	12	13	***13***	***17***	***32***
Random spender	10	10	7	9	9	***13***	***10***	***21***

Source: YouGov/RAKM for IFA Promotion

- Frivolity appears to peak among adults around age 25-34 and declines dramatically after age 44 with no adults aged over 75 placing themselves in this category.
- The 75+ year olds are the least likely to classify themselves as "Bargain spenders" with less than a third (32%) placing themselves in this category, the same proportion that place themselves in the "Credit spenders" group.
- Adults in the 65-74 age group are the most likely (59%) to place themselves in the "Bargain spenders" group followed closely by adults age 45-54 (55%). Only 44% of adults aged between 25-34 are placing themselves in this group, while only 7% of this age group classifying themselves as "Random spenders" with only 9% saying that they are "Credit spenders"
- The largest proportion of people, with 28% of adults who classify themselves as "Occasional spenders" are aged 16-34.

Figure 16 examines the relationship between the respondents buying habits and their declared savings behaviour.

Figure 16 Saver or a borrower? And spending behaviour, 2006

Base: adults age 15+

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
I am an active saver with no borrowing	11	28	26	20	33
I am an active saver and borrower	20	22	18	27	14
I am an infrequent saver with no borrowing	8	16	13	5	8
I am an infrequent saver and borrower	22	14	13	19	8
I am neither a saver or a borrower	10	5	11	4	14
I am an infrequent borrower and a saver	7	8	5	7	7
I am an infrequent borrower with no savings	22	6	11	14	5
Any borrowing	70	49	47	67	34

Source: YouGov/RAKM for IFA Promotion

- The respondents with “Frivolous” spending behaviour see this attitude spreading into the way that they save with over a fifth (22%) of people who describe themselves as “infrequent savers and borrowers”, and “infrequent borrowers with no savings” – the emphasis here being on infrequent.
- The spending behaviour with the highest proportion of borrowers is not the “Credit” group but the “Frivolous” spenders with nearly three quarters of them admitting to borrowing.
- The active savers with no borrowing form the largest proportion of “Bargain shoppers” and “Occasional shoppers”, while the active savers and borrowers form the largest proportion of people who describe themselves as “Credit shoppers”.

Having established how people spend and save their money IFA Promotion then asked the respondents the following question:

“If your regular household income increased by a quarter, what would you spend the extra income on?”

Figure 17 examines the responses by the age and gender of the respondent, multiple responses were allowed with this question.

Figure 17 If your household income increased by a quarter how would you spend the extra money? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
Holidays	42	40	44	32	44	43	38	44	44	33
Home improvement	36	30	41	15	30	39	45	38	40	31
Pension/long term savings	21	23	20	14	26	26	24	20	10	8
Paying off debts	41	41	41	34	52	51	48	31	24	13
Car	17	18	16	22	19	17	13	15	18	13
Clothes	21	16	25	48	32	20	13	12	11	13
Short term savings	23	23	23	29	26	21	21	21	25	15
Entertainment	23	26	21	47	33	23	16	16	13	13
Leisure	18	21	15	28	22	17	17	14	15	21
Moving House	12	13	12	17	23	12	9	7	7	0
Other	9	10	8	14	7	8	7	10	12	23
Average no. of responses	*2.7*	*2.6*	*2.7*	*3.0*	*3.2*	*2.8*	*2.5*	*2.3*	*2.2*	*1.8*

Source: YouGov/RAKM for IFA Promotion

- The hedonistic theme seen earlier in the report is reinforced by the results recorded in figure 17, the most popular use of the extra income would be a holiday, this is especially true among women, the 25-34 and the 55-74 year olds.
- Both long and short term savings would be chosen by less than one in four of the respondents. While paying off debts is popular with 41% of the respondents rising to over 50% of those respondents aged 25-44, only the 75+year olds record less than one in four choosing this option.
- Home improvement is the third most popular choice, also the joint second most popular among women, with older respondents more likely to choose this option.
- The least popular choice of use for the extra income for all except those respondents aged 25-34, who are least likely to spend the extra money on a car.

- Men are more likely to spend the extra income on entertainment and Leisure than women, these two options also have a definite age bias with younger respondents more likely to spend extra income on these options than their older counterparts.

Figure 18 examines the responses by the region that the respondent lives in.

Figure 18 If your household income increased by a quarter how would you spend the extra money? By region, 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scot-land
	%	%	%	%	%	%	%	%	%	%	%
Holidays	40	41	40	44	42	42	45	43	42	42	40
Home improvement	33	35	37	34	37	38	38	34	36	35	38
Pension/long term savings	25	25	19	18	22	22	23	17	20	17	21
Paying off debts	43	41	39	46	38	42	40	37	43	49	38
Car	16	17	11	21	15	16	16	16	17	15	23
Clothes	21	19	22	16	25	18	19	20	24	19	21
Short term savings	25	22	28	21	27	19	22	22	22	19	21
Entertainment	27	23	22	20	22	22	22	21	28	21	19
Hobbies	17	20	17	22	20	22	17	17	18	13	14
Moving Home	15	15	10	15	12	10	9	7	9	16	15
Other	10	9	15	7	8	12	6	10	7	5	9
Average no. of responses	2.7	2.7	2.6	2.6	2.7	2.6	2.6	2.4	2.7	2.5	2.6

Source: YouGov/RAKM for IFA Promotion

- Londoners are most likely to pay off debt with some of the increase in their salary, with spending the money on a holiday the next most likely use. Respondents from the South East are equally as likely to spend the money on paying their debts or going on holiday; a similar result is obtained for people living in the South West and Wales.

- Almost half of respondents living in the North (49%) would use the increase in their income to pay of some of their debt, with a further 42% choosing to spend some money on a holiday. By contrast People from the Midlands, Yorkshire and Scotland are more likely to choose to spend the money on Holidays first and paying of debts secondly.
- Respondents from the Midlands (East & West) and Scotland are more likely to spend some of the extra money on home improvements than people from the other regions; while adding money into pensions and long term savings was most popular among the people living in London and the South East.
- Short term savings was most popular in the South West and East Anglia, while the use of some of the money to move home was most popular in the North and Wales.

Figure 19 examines the responses by the respondents' willingness to increase the amount of money that they saved.

Figure 19 If your household income increased by a quarter how would you spend the extra money? By willingness to increase savings, 2006

	All	Yes, I am	No, I am not
	%	%	%
Holidays	43	48	41
Home improvement	38	39	37
Pension/long term savings	25	34	21
Paying off debts	37	30	40
Car	17	21	15
Clothes	20	22	19
Short term savings	26	26	25
Entertainment	23	24	23
Hobbies	19	22	18
Moving Home	13	18	11
Other	8	7	9
Average number of responses	2.7	2.9	2.6

Source: YouGov/RAKM for IFA Promotion

- The trend of hedonism seen in the previous tables are further reinforced by the results of this analysis of the respondents answer to the questions “are you in a position to increase your savings?” and “if your income rose by 25% how would you spend the money?” with almost half (48%) of those respondents who say that they are already in a position to increase the amount that they save choosing to spend money on a holiday and only 34% saying that they would put some money into their long term savings and only 26% say that they would add some to their short term savings.
- Even those who said that they were not in a position to increase the amount that they saved recorded only 21% willing to increase their pension/long term savings and only 25% willing to put

some of the additional income into short term savings, although 40% of this group would use the extra money to pay off debts.

Figure 20 examines the responses to an increase in personal income by the individuals own recorded spending types.

Figure 20 If your household income increased by a quarter how would you spend the extra money? By Spending behaviour, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
Holidays	46	47	40	39	37
Home improvement	24	35	38	38	32
Pension/long term savings	15	25	20	22	25
Paying off debts	60	37	38	55	29
Car	19	17	17	15	15
Clothes	34	25	19	18	14
Short term savings	12	26	24	25	20
Entertainment	35	29	21	20	16
Hobbies	22	22	16	14	20
Moving Home	12	13	13	8	11
Other	7	6	9	7	19
Average number of responses	2.9	2.8	2.6	2.6	2.4

Source: YouGov/RAKM for IFA Promotion

- Some 60% of the “Frivolous” spenders would use the extra income to pay of some of their debt, compared with 55%of the “Credit” spenders who would do the same. The “Random” spenders were the least likely to need to use some of the extra income to pay off debt.
- The “Occasional” and “Random” spenders were the most likely to put some of the money into pension/long term savings (25% of sample) while the “Frivolous” were the least likely (15% of sample) to use the extra money in this way. The placing of some of the money in to short term savings was most popular among the “Credit” spenders who might have considered using this method as a way to break away from credit cards and overdrafts

- Over a third (35%) of the “frivolous” spenders would use some of the extra income to fund entertainment compared with only 16% of the “random” spenders.

Having examined how the respondents would use their money, IFA promotion then sought to see what would happen if the respondent faced serious financial problems, Figure 21 examines the responses by gender.

Figure 21 If you faced a financial crisis, where would you turn, by gender, 2004 and 2006

	All		Male		Female	
	2004	2006	2004	2006	2004	2006
	%	%	%	%	%	%
I would take the money from my savings	19	48	19	48	19	48
I would be able to claim from an insurance policy that covers me/us for such eventualities	10	12	9	13	11	12
Family	22	18	22	16	22	20
My bank	21	10	22	11	19	9
My employer	1	3	1	5	0	2
The social services/some other government department	1	20	0	21	1	20
I would take out a loan secured on my property	2	.7	3	8	2	6
I would borrow the money from some other source	3	6	2	6	3	6
I would sell something of value to cover the amount	1	19	2	18	1	20
Don't Know	13	14	12	14	15	13

Source: BMRB/YouGov/RAKM for IFA Promotion

- In 2006 the number who would take money from their savings has more than doubled to 48%, analysis of this proportion by age finds that 58% of the over 50’s would choose this option compared to 40% of the 30-50 year olds.
- The choice of a bank as a source of an unsecured loan has fallen significantly for both men and Women, although the increase in the potential use of a secured loan or a loan from a source other than a bank suggests that people are now more aware of the choices available for finance.
- There has also been a significant increase in the proportion of people who would seek to sell an item of value as a means to raise the money needed with nearly one in five of respondents choosing this option compared to only 1% in 2004, it is possible that the growth in popularity of on-line auction services have influenced this change in behaviour. The other area that has seen a significant change in popularity is the use of government sources to raise the money to cover the shortfall; again it could be the change in public awareness of such options that has caused this jump in responses.
- The only area to show significant variation in responses by age was the choice of someone within the family as a source for the funds, some 40% of respondents aged under 30 chose this option compared with only 6% of the over 50’s. Overall the choice of a member of the family has declined slightly over the two years that have elapsed since this question was last asked.

IFA promotion decided to examine in more detail the relationship between members of a families when it came to helping out someone in financial difficulties. The question was asked:

“Have you ever had to help someone out financially?”

The results obtained from this question are analysed in Figure 22 below.

Figure 22 Have you had to help a member of your family out financially? by gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%				
I would take the money from my savings	66	64	67	58	58	58	63	78	76	74
I would be able to claim from an insurance policy that covers me/us for such eventualities	34	36	33	42	42	42	37	22	25	26

Source: YouGov/RAKM for IFA Promotion

- Some two thirds of all adults have had to help out a friend financially, with Women slightly more likely to have done so than Men.
- There is a significant jump in the positive responses to this question once the respondent passes the age of 45 with over three quarters of these adults have had to help a member of their family out financially.
- When the results of this question was examined by region the only area to show any significant variation was Wales where only 59% of the respondents had had to help a member of their family out financially.
- Those respondents who had helped out a member of their family were then asked who they had given their help to, multiple responses were allowed with this question as IFA Promotion recognised that sometime more than one member of the family requires help. The respondents were also asked if they had also helped people out side of their immediate family, Figure 23 analyses the responses by gender and age.

Figure 23 Who have you given financial help to? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
Children	46	40	52	2	3	18	56	80	85	72
Parents	16	17	15	24	26	23	13	10	6	4
Brother/Sister	26	24	27	40	37	40	26	15	7	10
Another member of my family	14	15	13	7	14	19	14	13	14	25
Friends	41	45	37	60	57	53	39	29	17	29
Work colleague	8	11	5	6	11	11	9	6	6	4
Someone else	6	6	6	16	13	6	6	2	0	7
Average no. of people helped	*1.57*	*1.58*	*1.55*	*1.55*	*1.61*	*1.70*	*1.63*	*1.55*	*1.35*	*1.51*

Source: YouGov/RAKM for IFA Promotion

- Children are the most likely to have received some financial help from their parents, with mothers significantly more likely to have helped their offspring than the fathers. Parental help increases dramatically with age with adults aged between 55- 74 more than four times more likely to have helped their children than a parent aged 35-44.
- Conversely, Children are most likely to have offered some form of financial assistance to their parents in the last 20 years, with very little difference in activity between men and women it is possible that the data reflects the increasing role the family is having to play in looking after ailing relatives.
- While women are more likely than men to provide financial assistance for their children, men are more likely than women to provide financial assistance for their friends; this is true also of work colleagues. People are most likely to offer financial assistance to their friends when they are younger with over half of all 16-44 year olds having provided such assistance compared to less than one in five 65 – 74 year olds.

Figure 24 examines the results obtained from analysing the responses by Government regions.

Figure 24 Who have you given financial help to? by region, 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scot-land
	%	%	%	%	%	%	%	%	%	%	%
Children	29	48	50	50	45	56	50	57	47	49	47
Parents	19	18	16	11	18	17	14	14	17	14	13
Brother/Sister	28	25	26	23	29	11	27	21	32	27	30
Another member of my family	16	13	12	11	15	11	12	13	13	22	17
Average number of family assistances	*0.92*	*1.04*	*1.04*	*0.95*	*1.07*	*0.95*	*1.03*	*1.05*	*1.09*	*1.12*	*1.07*
Friends	58	40	33	40	40	32	37	32	40	36	43
Work colleague	11	8	6	6	8	8	4	7	9	10	11
Someone else	9	6	6	6	4	4	6	7	5	5	5
Average number of assistances	*1.70*	*1.58*	*1.49*	*1.47*	*1.59*	*1.39*	*1.50*	*1.51*	*1.63*	*1.63*	*1.66*

Source: YouGov/RAKM for IFA Promotion

- Children in London seem to be in a unique position, either they do not need the assistance of their parents to the same extent as the rest of the country, or their parents are not in a position to provide financial assistance in the same way as parents in the rest of the country. Children from the East midlands and Yorkshire and Humberside are the most likely to have turned to their parents for financial assistance.
- While children are least likely to receive financial assistance from their parents in London Friends are most likely to be given financial support with 58% of respondents having offered such support at one time or another. In terms of overall generosity London appears the most generous, helping

around 1.7 different groups of people (the actual number of individuals helped is not known only the different groups assisted) and people from the East midlands the least generous.

- The Welsh are the least likely to have offered their parents any financial assistance, while children who live in London are most likely to have given help to their parents. Respondents from the North West are most likely to have given help to their brothers/sisters while people from the East Midlands are the least likely to have given such help.
- When it comes to supporting the family the people who live in the North of the country are most likely to have given a family member financial support, while people in London are least likely to have offered that kind of support to their family.
- To be able to offer financial help capital has to be available, either from savings or through borrowing, the next set of tables examines the sources used to provide the financial help. Figure 25 examines the sources used by age and gender of the lenders.

Figure 25 How did you provide the help? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
From savings	40	38	43	24	24	29	36	55	60	59
From my current account	48	52	45	65	67	57	49	35	28	38
Took out a loan	4	3	4	2	2	2	4	4	7	0
Released equity from property	1	1	1	0	1	0	1	1	1	0
Other means	5	4	5	5	3	8	9	3	2	0
Can't remember how	3	3	3	5	3	3	2	2	3	3

Source: YouGov/RAKM for IFA Promotion

- When it comes to providing financial support the vast majority of the money used (88%) comes from existing reserves, either the current account or the savings pot held by the donor, only one in twenty people resorted to debt to fund the donation.

- There is a distinct age bias in the main source of funding used, the younger respondents (aged under 55) were most likely to use money from their current account while the older respondents were most likely to have dipped into their savings to fund the donation. This situation probably reflects the amount of funding provided with younger respondents providing relatively smaller amounts, more detailed examination of the data found that when the recipient was a child younger donors were significantly more likely to use a current account with the beneficiaries themselves being even younger the need for large sums of money was less than when the beneficiary was relatively older.

Figure 26 examines the responses for savings and current accounts by regions

Figure 26 How did you provide the help? by region, 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scot-land
	%	%	%	%	%	%	%	%	%	%	%
From savings	38	36	45	36	46	43	52	47	33	36	35
From my current account	49	51	42	51	44	46	40	42	56	54	52

Source: YouGov/RAKM for IFA Promotion

- There are notable differences in the results obtained between the regions, with over half of the respondents from the South East, Wales, the far North of England and Scotland providing the funding from their current account and only the respondents from the West Midlands having over half of their population providing funding from savings.

Figure 27 examines the responses for funding from current accounts and savings by the individuals saver typologies examined in the first part of this document.

Figure 27 How did you provide the help? by saver typology, 2006

	Active saver no borrowing	Active saver & borrower	Infrequent saver no borrowing	Infrequent saver & borrower	Neither saver or borrower	Infrequent borrower no savings	Infrequent borrower & saver
	%	%	%	%	%	%	%
From savings	57	41	52	31	26	17	48
From my current account	38	49	42	56	56	62	38

Source: YouGov/RAKM for IFA Promotion

- The majority of respondents with no form of non mortgage borrowing were likely to fund their assistance from their savings, while those respondents who indicated that they borrowed had a majority funding their advance from their current account.
- When the results of how people financed their aid were examined against the individuals spending behaviour a similar pattern to the saver typology results was seen; those people who fell into the frivolous spender category were almost three times as likely to fund the assistance from their current account rather than their savings, while those from the occasional spender group – who saved up for the item they wanted to purchase - were just as likely to have used their savings as their current account, interestingly the credit spenders were slightly more likely to have used their savings to finance the advance than their current account.

As well as examining in more detail those people who had helped out their friends and family financially IFA Promotion also examined in more detail the responses of people who had not been involved in offering financial assistance. Figure 28 examines the responses to the question posed to all those respondents who said that they had not helped someone out financially; the question was:

"What was the reason you did not become involved in helping out someone financially?"

The answers given are analysed by age and gender.

Figure 28 Why didn't you provide help? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
I wouldn't want to help someone out financially	8	9	6	8	9	6	8	8	10	0
I wouldn't be able to help someone out financially	26	21	31	29	27	31	24	18	17	36
No-one has ever asked for my help	71	70	70	67	71	70	69	79	63	50
Other reason	4	4	3	2	3	4	3	1	13	0
Don't know	3	4	2	10	3	2	3	1	0	10

Source: YouGov/RAKM for IFA Promotion

- Some 71% of the population have never been asked to provide financial help, however there are some interesting variations in this figure by age; half of the over 75+ have been approached by someone seeking financial assistance while nearly four fifths (79%) of people aged 55-64 have not been approached.
- Slightly over a quarter of people say that they would not be able to help someone out financially, with nearly a third of women placing themselves in this category, by age the 35-44 and the75+ age groups were most likely to say that they were unable to help someone out financially.
- Less than one in ten people said that they would not want to help someone out financially, with almost one in twenty women saying that they wouldn't want to help someone out financially.

Figure 29 examines the responses by region.

Figure 29 Why didn't you provide help? by region, 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scot- land
	%	%	%	%	%	%	%	%	%	%	%
I wouldn't want to help someone out financially	19	6	7	2	9	3	4	12	6	3	8
I wouldn't be able to help someone out financially	24	28	20	40	32	25	22	24	23	30	21
No-one has ever asked for my help	60	76	71	67	70	74	73	66	74	68	77

Source: YouGov/RAKM for IFA Promotion

- The proportion of people who would not want to help someone out financially jumps to one in five among people who live in London, while in Wales the proportion is around one in fifty, a similar proportion is found among respondents from the North and the East Midlands region.
- While Wales has the smallest proportion of people who wouldn't help some one out financially they have the highest proportions (two in Five) who say that they would not be able to help. Only one in Five of the people living in the South west would not be able to help with slightly more of people from Scotland (21%) saying the same thing.
- The Scots (77%) followed closely by people living in the South East (76%) say that they have not been approached by someone seeking financial help, only some 60% of Londoners have said that they have not been approached.

Figure 30 examines the results by the respondents attitude to spending money.

Figure 30 Why didn't you provide help? by spending typology, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
I wouldn't want to help someone out financially	13	4	8	6	10
I wouldn't be able to help someone out financially	37	19	28	27	21
No-one has ever asked for my help	67	78	69	73	64

Source: YouGov/RAKM for IFA Promotion

- The "Frivolous" and the "Random" spenders are most likely to say that they would not want to help someone out financially, with the "Occasional" spender least likely to say that they wouldn't help.
- The "Occasional" spenders are also least likely (19%) to say that they wouldn't help someone financially. The "Frivolous" spenders are the most likely, by a significant margin, to say that they wouldn't help someone out financially.
- Nearly three quarters of people from the "Occasional" (78%) and the "Credit" (73%) spenders group said that they have had no one asking them to help them financially.

Planning

IFA Promotion then asked respondents about their every day financial planning, specifically about their ability to know how much money they had available to them, the research asked two questions, the first question asked about the respondents awareness of their current account while the second asked about their knowledge of their outstanding debt. The first set of tables examines the results obtained when the question was asked about the respondent's current account.

Figure 31 examines the responses by gender and age.

Figure 31 Do you know your current account balance? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
To the nearest £1	32	30	33	22	20	21	27	31	41	41
To the nearest £10	26	24	28	43	38	34	35	32	25	26
To the nearest £100	24	25	22	20	28	28	23	22	22	13
To the nearest £500	7	9	5	5	6	6	8	8	7	8
Less closely than any of these	6	6	6	4	3	6	3	4	2	3
I/we do not monitor our finances at all	6	6	5	6	5	5	4	4	2	3

Source: YouGov/RAKM for IFA Promotion

- Nearly a third of respondents (32%) say that they know their current account balance to the nearest £1, while nearly one in five have only a vague idea of their current account situation.
- Those respondents who had nominally retired, the over 65's had the greatest awareness of their financial position, with over two thirds of these respondents knowing the position of their current accounts to at least £10. The respondents aged between 35-44 were the least aware of their financial position with only 55% knowing their position to the nearest £10.

Regionally there was no significant difference in the individual's awareness of their financial position.

Figure 32 examines the results by the individuals spending typology.

Figure 32 Do you know your current account balance? by spending typology, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
To the nearest £1	20	24	28	29	30
To the nearest £10	31	35	38	28	25
To the nearest £100	26	27	23	25	24
To the nearest £500	6	8	6	8	8
Less closely than any of these	7	4	3	4	5
I/we do not monitor our finances at all	10	2	3	5	8

Source: YouGov/RAKM for IFA Promotion

- The bargain shoppers were the most likely to know to the nearest £10 the position of their current accounts with two thirds placing themselves in this group. Only just over half (51%) of the frivolous spenders placing themselves in this category.
- The frivolous spenders were the group were the group least likely to know their true financial position – nearly a quarter (23%) who did not know the true position of their current account, with the bargain shoppers least likely to fall into this position.

As well as establishing the respondents awareness of their current account position IFA Promotion also asked about the respondent's awareness of their level of debt. Figure 33 examines the responses by age and gender.

Figure 33 Do you know your debt position? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
To the nearest £1	32	30	33	31	21	24	31	39	53	45
To the nearest £10	26	24	28	27	28	27	25	27	19	25
To the nearest £100	24	25	22	20	31	26	25	19	19	8
To the nearest £500	7	9	5	1	9	9	9	5	3	10
Less closely than any of these	6	6	6	7	7	8	6	4	5	0
Don't know	6	6	5	13	6	6	4	4	5	13

Source: YouGov/RAKM for IFA Promotion

- Women are more aware of their level of indebtedness than men, with 61% knowing the value of their borrowing to the nearest £10 and only 12% having know real idea this compares with 54% of men knowing their debt to the nearest £10 and 21% having no idea of their debt.
- The high level of don't knows recorded by those respondents aged under 24 reflects a significant proportion who are not yet in a position of "formal debt" i.e. borrowing from an official lender rather than a friend or family member. The respondents aged over 55 are most likely to know the true position of their debt, with 66% of 55-64 year olds aware of their debt, 72% of 65-74 yeare olds and 70% of 75+ year olds in the same position.

As with the awareness of the respondents current account balance there was no significant regional difference in the respondent's awareness of the level of indebtedness.

Figure 34 examines the responses by the respondents spending typology.

Figure 34 Do you know your debt position? by spending typology, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
To the nearest £1	13	33	35	23	38
To the nearest £10	17	28	28	23	22
To the nearest £100	33	25	21	28	18
To the nearest £500	12	6	5	12	6
Less closely than any of these	13	4	5	8	7
Don't know	12	4	5	5	9

Source: YouGov/RAKM for IFA Promotion

- The responses for debt awareness are certainly more dramatic than those for savings, only 30% of the frivolous spenders knowing their level of debt to the nearest £10 compared to 63% of bargain shoppers.
- A quarter of the credit shoppers had no real idea of the amounts that they owed compared to only 10% of Occasional shoppers being in a similar position. Credit spenders also had the second lowest proportion of shoppers (46%) who knew their debt position to the nearest £10.

Advice and assistance

IFA Promotion then went on to establish the position of what people did to try and improve their financial situations and how they are influenced in their financial dealings. The first question asked was who has the most influence on their spending habits. Figure 35 examines the responses by age and gender.

Figure 35 Who has the most influence on their spending? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
Family	16	14	18	24	16	22	19	11	9	5
Spouse/Partner	28	33	23	11	31	28	26	30	34	32
The media	2	2	2	4	4	2	1	1	0	0
Celebrities	1	1	1	5	1	0	0	0	0	0
Someone else	1	1	1	2	3	1	2	1	1	3
Don't know	3	3	3	6	6	3	4	2	2	3
No-one has an influence	48	44	52	46	40	45	49	56	55	58

Source: YouGov/RAKM for IFA Promotion

- Women and the over 55's are least likely to be influenced by other people with the majority of these people saying that no one has an influence on the way they spend their money. Men and the 25-34 year olds are most likely to be influenced by another person or group when it comes to spending their money.
- The spouse/partner of the respondent is the most powerful individual when it comes to how a person spends their money this is particularly true for men and those respondents aged 65-74.
- The respondent's family is the next most influential group when it comes to financial behaviour, this is especially true for Women and the youngest respondents aged 16-24.

The results of this question was then analysed by region, these responses are shown in Figure 36.

Figure 36 Who has the most influence on their spending? by region, 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scot-land
	%	%	%	%	%	%	%	%	%	%	%
Family	17	17	17	17	14	15	17	14	13	21	18
Spouse/Partner	24	28	25	33	28	29	25	30	31	27	29
The media	4	1	1	3	1	1	2	1	3	2	2
Celebrities	1	1	0	1	0	1	1	1	0	0	1
Someone else	3	1	0	1	3	2	1	1	1	2	2
Don't know	6	3	1	1	4	3	3	2	4	3	7
No-one has an influence	47	49	54	44	51	50	50	51	46	45	41

Source: YouGov/RAKM for IFA Promotion

- Respondents from Scotland were the most likely to be influence by other people when it comes to spending their money – only 41% said that they were not influenced by a third party, while respondents from the South West are least likely to be affected by outside influences – 54% said they were not influenced by anyone else.
- The spouse/partner is seen by a third of respondents from Wales as the most important influence on their spending habits, while only 24% of Londoners felt that their spouse was influential on their spending behaviour. The family has its strongest influence in the North of the country (21%), while its influence is weakest in the North West (14%).

The responses were then examined by the respondents spending habits and the results obtained are shown in Figure 37 below.

Figure 37 Who has the most influence on their spending? by spending typology, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
Family	11	19	18	11	13
Spouse/Partner	23	31	27	31	26
The media	6	3	1	2	1
Celebrities	0	1	1	1	0
Someone else	3	2	1	2	0
Don’t know	4	2	3	5	4
No one has an influence	52	41	49	48	57

Source: YouGov/RAKM for IFA Promotion

- The “Random” spenders say that they are the least influenced by anyone else (57% agree) when it comes to spending their money followed by the “Frivolous” spenders with 52% saying their spending habits are not influenced by someone else, by contrast only 41% of “Occasional” spenders said that they were not influenced by other people when it comes to spending their money.
- The spouse/partner is equally influential to the “Occasional” and the “Credit spenders with both recording a 31% agreement, the spouse/partner is least influential on the “frivolous” spender.
- The next two question sort to find out how the individuals felt about their financial situation and how the way that they manage that situation had changed in the previous 12 months. Figure 38 examines the results by age and gender.

Figure 38 Level of comfort with financial situation? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
More comfortable than 12 months ago	29	30	28	39	38	31	25	22	22	15
Less comfortable than 12 months ago	33	32	35	32	32	36	38	33	27	15
About the same	36	37	36	22	28	32	36	44	50	69
Don't know	1	2	1	7	2	1	1	0	1	0

Source: YouGov/RAKM for IFA Promotion

- The population seems to be split fairly evenly in response to this question with approximately a third of people placing themselves in each group. Looking at age the youngest respondents aged 16-34 are significantly more likely to say that they are more comfortable than they were 12 months ago, while respondents age 35-54 are significantly more likely to say that they are less comfortable than 12 months ago. The majority of the over 65 feel that there has been no change in their financial position when compared with 12 months ago.

Figure 39 examines the responses obtained by the regions.

Figure 39 Level of comfort with financial situation? by region, 2006

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scot-land
	%	%	%	%	%	%	%	%	%	%	%
More comfortable than 12 months ago	35	32	26	33	27	27	23	29	26	21	33
Less comfortable than 12 months ago	32	30	31	26	32	37	39	31	36	45	34
About the same	31	38	40	41	40	35	36	39	37	34	31
Don't know	2	0	3	0	1	1	3	2	1	1	2

Source: YouGov/RAKM for IFA Promotion

- Respondents from London and Scotland are least likely to feel that there has been no change in their circumstances with only 31% placing themselves in this category.
- Respondents from the London were the most comfortable with their financial position (35%) when compared with 12 months ago, followed by Wales and Scotland (33%).
- Respondents living in the North are the most likely to say that their financial position are worse than 12 months ago, with people from the West Midlands also recoding a high level of pessimism (39%).

Figure 40 examines the results obtained by the respondents spending typology.

Figure 40 Level of comfort with financial situation? by spending typology, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
More comfortable than 12 months ago	26	25	30	20	26
Less comfortable than 12 months ago	43	28	33	43	28
About the same	30	37	37	37	39
Don't know	0	1	1	0	7

Source: YouGov/RAKM for IFA Promotion

- Unsurprisingly the two groups least happy with their financial position compared with 12 months ago are the "Frivolous" and the "Credit" spenders, both recording 43% of group members in this category.
- The "Bargain" shoppers are most likely to say that they are more comfortable with their financial position than they were 12 months ago (30%), while the "Random" shoppers are the most likely to say that they see no difference in their financial position, "Frivolous" shoppers were the least likely to say that their financial situation was the same.

The respondents were finally asked have you changed the way that you manage your finances in the last 12 months; figure 41 examines the responses to this question by age and gender.

Figure 41 How have you changed the way you manage your finances? By gender and age, 2006

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65-74	75+
	%	%	%	%	%	%	%	%	%	%
I have started to live within my means	22	24	20	21	30	27	15	16	21	13
I have put more money away for the future	13	14	12	16	21	11	11	11	8	3
I Have reduced my debt	24	27	21	20	34	27	22	20	15	8
I have started to save for a rainy day	10	10	10	13	13	13	8	7	7	3
I have received a significant pay rise and can manage my finances better as a result	8	9	6	11	17	8	5	3	2	0
My family circumstances have changed so I have to manage my finances differently	19	18	20	10	19	20	25	20	13	18
Other	4	4	5	9	5	4	5	4	2	0
Don't know	2	3	2	8	4	2	3	1	1	3
I have not made any changes	35	34	37	31	22	31	33	45	50	62

Source: YouGov/RAKM for IFA Promotion

- Slightly over a third of people (35%) have said that they have not changed the way that they manage their finances a further 24% have said that they have reduced their debt and 22% say that they are now trying to live within their means.
- Women are more likely than men to say that they have not changed the way that they manage their finances (37% women, 34% men), however men are more likely than women to say that they have reduced their debt.
- A third of 25-34 year olds (34%) say that they have reduced their debt in the last 12 months while 55-64 have seen only 20% say that they have reduced their debt.
- The desire to start living within their means declines with age with 30% of 25-34 year olds in this category but only 15% of 45-54 year olds putting themselves in this group. A quarter of this age group have said that their family circumstances have changed in the past 12 months and this change has affected how they manage their finances.

There were no significant differences in attitudes when the results were examined regionally.

Figure 42 examines the results obtained by the respondents spending typology.

Figure 42 How have you changed the way you manage your finances? by spending typology, 2006

	Frivolous	Occasional	Bargain	Credit	Random
	%	%	%	%	%
I have started to live within my means	23	25	22	20	14
I have put more money away for the future	10	19	12	10	12
I Have reduced my debt	28	25	24	24	18
I have started to save for a rainy day	12	12	10	6	7
I have received a significant pay rise and can manage my finances better as a result	8	11	7	6	6
My family circumstances have changed so I have to manage my finances differently	14	17	22	20	12
Other	4	4	4	6	6
Don't know	4	2	2	1	7
I have not made any changes	35	32	34	39	44

Source: YouGov/RAKM for IFA Promotion

- The "Frivolous" spenders are the most likely to say that they have reduced their debt in the last 12 months (28%) the random spenders are the least likely to say that they are in this group.
- A quarter of respondents who are members of the "Occasional" spenders group say that they have started to live within their means as compared with only 14% of respondents from the "Random" spenders group.
- The "Random" spenders are most likely to say that they have not changed the way that they manage the way that they spend their money and some 39% of the "Credit" spenders group have said that they have not changed the way that they manage their finances.