

Finaccord



Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market

Report Prospectus

September 2007

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Prospectus contents

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What is the research?

Finaccord's report titled *Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market* is a publication offering a detailed and timely overview of a major tranche of the UK's consumer financial services market, delivering in a single volume insight and analysis covering a broad range of savings products. These range from no notice interest-bearing deposit and savings accounts, cash ISAs and National Savings & Investments bonds and certificates to less commonly held short-term and medium-term savings options such as investment trusts and venture capital trusts, guaranteed equity or property bonds and tax-free friendly society savings plans. In addition, the study also examines consumer approaches to a variety of pension and retirement savings products.

Moreover, not only does it consider consumer usage of conventional retirement savings products, such as individual pensions and company or occupational pension schemes, but it also analyses the likely importance that they attach to other potential sources of retirement income, such as the property that they own, including second or holiday homes and property acquired for rental, or even, continuing part-time work following retirement. In addition, the report also investigates the opinions of consumers towards key issues such as the concept of compulsory retirement savings and government plans for a National Pension Savings Scheme. Finally, data is also provided for a range of at-retirement financial products including equity release schemes.

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What is the rationale?

There are a number of reasons for producing this report. In addition to providing an in-depth analysis of the approach of consumers to saving in the UK, the study also offers unique and hitherto unpublished data concerning penetration rates across particular customer groups for 23 different savings products, listed overleaf. In particular, the report delivers an array of valuable data showing how the propensity of consumers to acquire these savings products varies according to their life stage. This is defined not only in terms of age groups and household income groups but also in terms of whether they have children aged under 25 or not, whether they own property or not and, if so, whether they are paying off a mortgage or own the property outright, and what their status is with regards to retirement. In the latter case, this refers to whether they are retired or not and, if not, whether they plan to retire within the next five years.

Among other key aspects of the savings behaviour of consumers analysed include their propensity to strike up relationships with multiple providers of savings products, the degree to which they demonstrate discipline when saving, the relative importance of their different motives for saving, their confidence that they will be able to save enough to adequately fund their retirement, their views with regards to the sources of income that they believe will be important when they come to retire and their expectations with regards to their likely age of retirement.

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For which types of savings product has consumer data been collected?

Interest-bearing deposit and savings accounts for which no notice is required
Interest-bearing deposit and savings accounts for which notice is required
National Savings & Investments bonds and certificates (including premium bonds)
Cash ISAs
Equity ISAs
OEICs and unit trusts
Investment trusts and venture capital trusts
Direct stock market (equity) investment
Direct investment in corporate and government bonds
Bank and building society investment bonds
Guaranteed equity and property bonds (excluding National Savings & Investments)
Life company investment bonds
Life company endowment policies
Child Trust Funds
Tax-free friendly society savings plans
Individual personal pensions
Individual stakeholder pensions
Individual SIPPs (self-invested personal pensions)
Group personal and executive pensions
Group stakeholder pensions
Group SIPPs (self-invested personal pensions)
Company and occupational pension schemes
Savings products designed to minimize inheritance tax

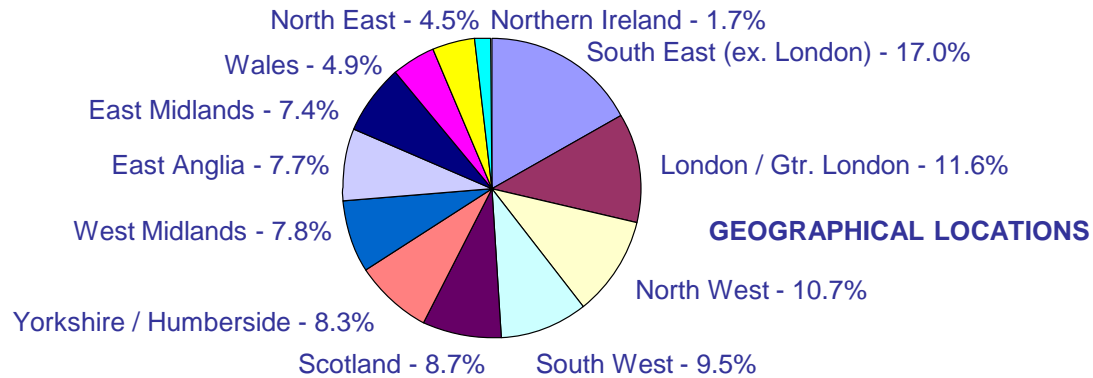
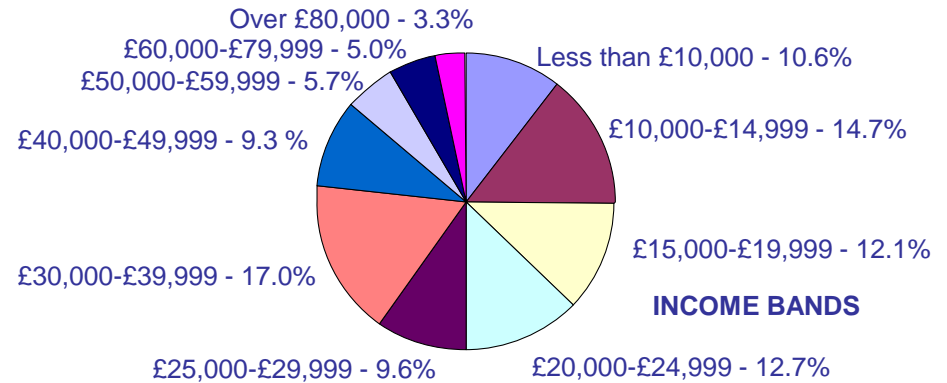
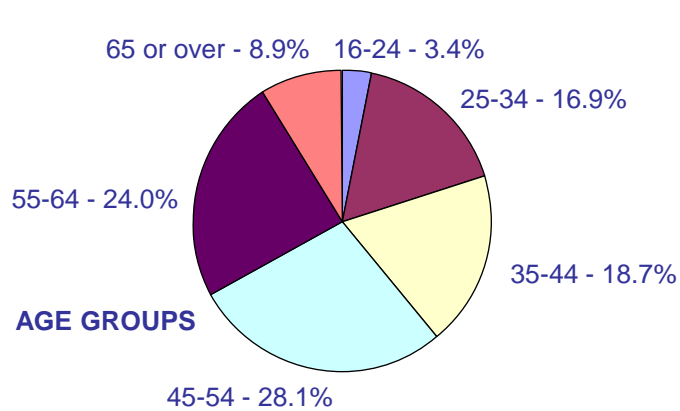
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What methodology has been used?

The research for this study was carried out during July and August 2007 using the Internet consumer panel of Tpoll. In total, completed surveys were filled in and submitted on-line by 1,550 consumers breaking down by age group, household income band and geographical location as illustrated in the charts overleaf. Moreover, the segmentation of the same audience according to number of children aged under 25, employment status and retirement status is depicted in the charts on the page immediately following.

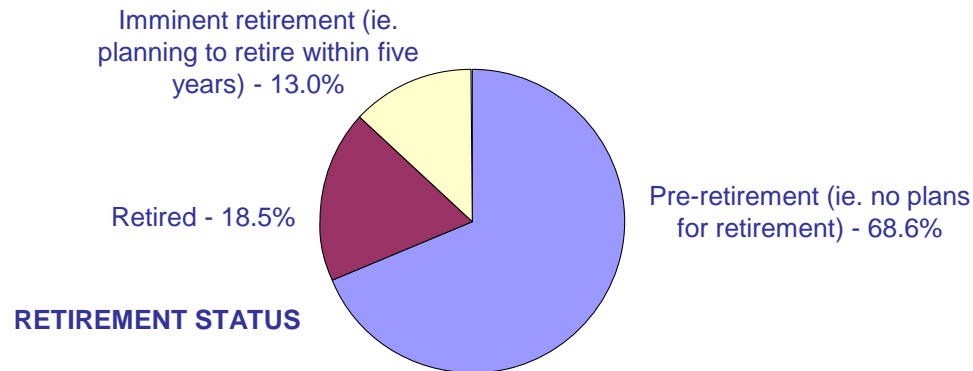
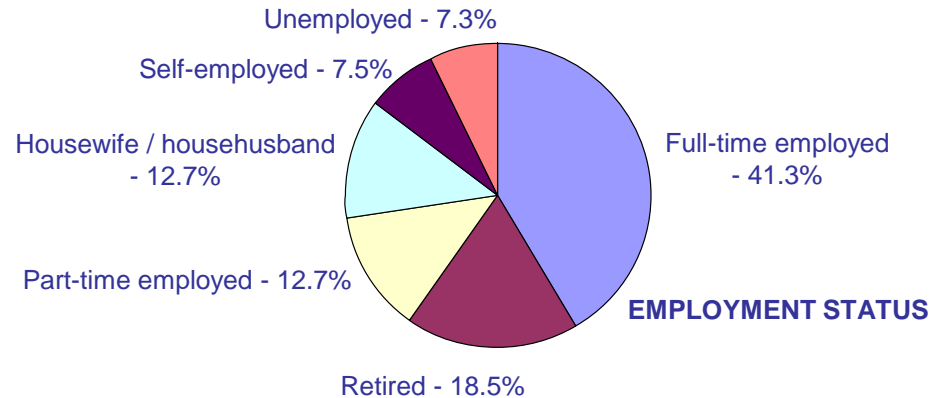
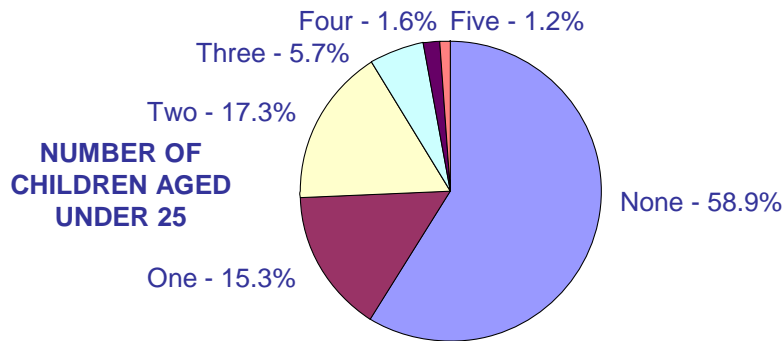
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How does the consumer sample break down? (1)



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How does the consumer sample break down? (2)



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What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale and a detailed description of methodology.

2. *Savings Overview*: among other metrics, this chapter analyses consumer holdings of all short-term and medium-term savings products and pension and retirement savings products considered, the number of relationships held by consumers with companies offering savings products, the importance of different sources of advice and information as influences on the savings decisions of consumers, and the degree of self-direction of consumers when making savings decisions.

3. *Retirement Savings*: this chapter delivers commentary and graphics in a number of areas including consumer perceptions of the value of savings sufficient to adequately fund retirement, attitudes of consumers towards the idea of compulsory saving for retirement and actual and expected consumer purchasing patterns for at-retirement products, namely pension annuities, purchased life annuities, income drawdown plans and equity release plans.

4. *Segment Analysis*: the concluding chapter offers detailed and unique data tables showing penetration rates for each of the many savings products considered by customer segment.

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What are the key features of the research?

Key features of this report include:

- systematic coverage within a single study of over 20 categories of savings product with penetration data broken out in detail for all key customer groups including empty nesters (ie. those with no children aged 25 or under), high earners, individuals approaching retirement and the retired;
- calculation of important data points such as average short-term and medium-term savings and average pension and retirement savings among UK consumers;
- analysis of the importance to consumers of underlying motives for saving such as purchasing property, bringing up and educating children and providing for retirement generally;
- measurement of awareness levels among consumers of government plans to introduce an element of compulsion by means of a National Pensions Savings Scheme;
- consideration of the view of consumers of the likely importance of a variety of potential retirement income sources including the value of property owned and income from continuing part-time work in addition to the state pension and funds invested in dedicated retirement savings products.

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How can the research be used?

You may be able to use this report in one or more of the following ways:

- understand from a single research source how consumer take-up rates vary overall across the full universe of savings products and which customer segments offer 'sweet spots' for particular categories of savings product;
- appreciate how average consumer holdings in financial savings products compare with the average equity that property owners hold in their main home and other property that they may own;
- comprehend the extent to which consumers are unable to commit a higher value of funds to pension and retirement savings products as a consequence of their other savings priorities;
- evaluate the degree to which consumers are receptive to the concept of compulsory retirement saving and whether they are up to speed on the government's latest thinking in this field;
- foresee how consumers who are further away from retirement seem likely to place a greater emphasis on alternative means of saving for retirement including commitment of a greater proportion of their funds to property ownership.

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Who can use the research?

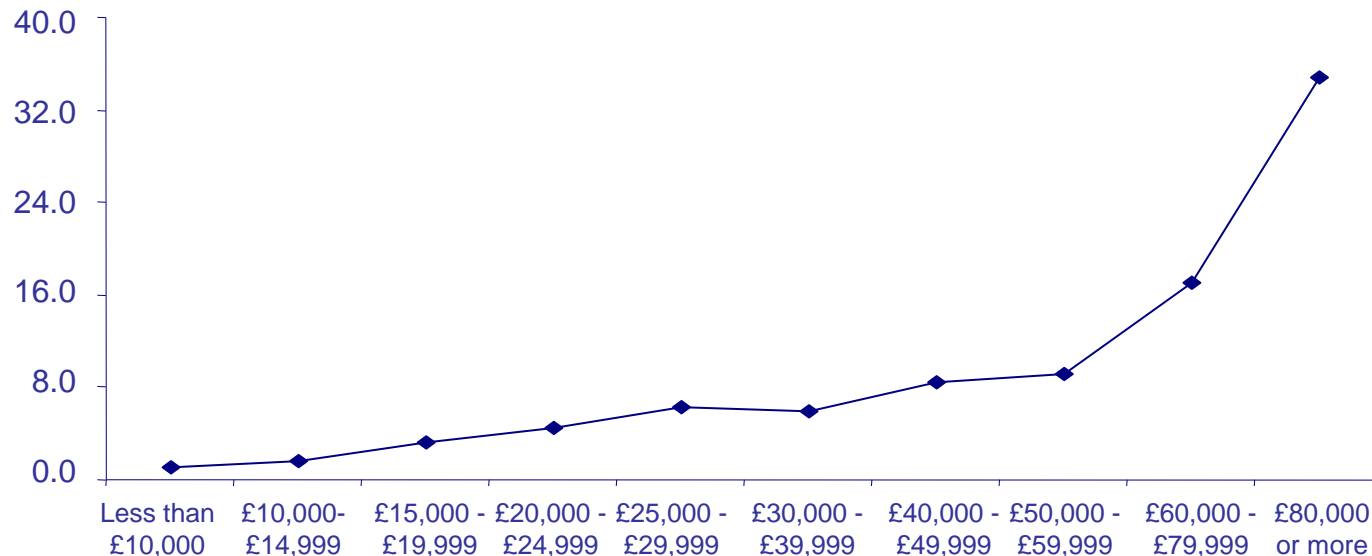
1. *Life insurance and pension companies:* with its extensive and detailed coverage of consumer attitudes to retirement provision, in addition to its analysis of consumer holdings of a range of long-term insurance and pension plans, this research offers invaluable and comparable consumer insight within a single volume;
2. *Banks and building societies:* banks and major building societies promote the majority of savings products considered by this survey and will also benefit from the analyses of how product holdings vary according to whether or not savers are also borrowers;
3. *Investment managers:* providers of investment products such as equity ISAs, investment trusts, OEICs and venture capital trusts are competing for consumer wealth with companies offering savings products that are not oriented towards equity investment - obtaining a greater understanding of consumer behaviour will help with developing more effective marketing;
4. *Management consultancies:* are you helping any of the three aforementioned types of organisation to improve its performance in or develop a strategy for the UK savings market? If so, the *Savings Metrics* research could provide you with valuable customer data and insight.

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What are some of the key findings?

1. Survey respondents with a household income of £80,000 or more hold average funds in pension and retirement savings products of almost 35 times those with a household income of £10,000 or less

Index where average funds in pension and retirement savings products of respondents with a household income of £10,000 or less = 1.0



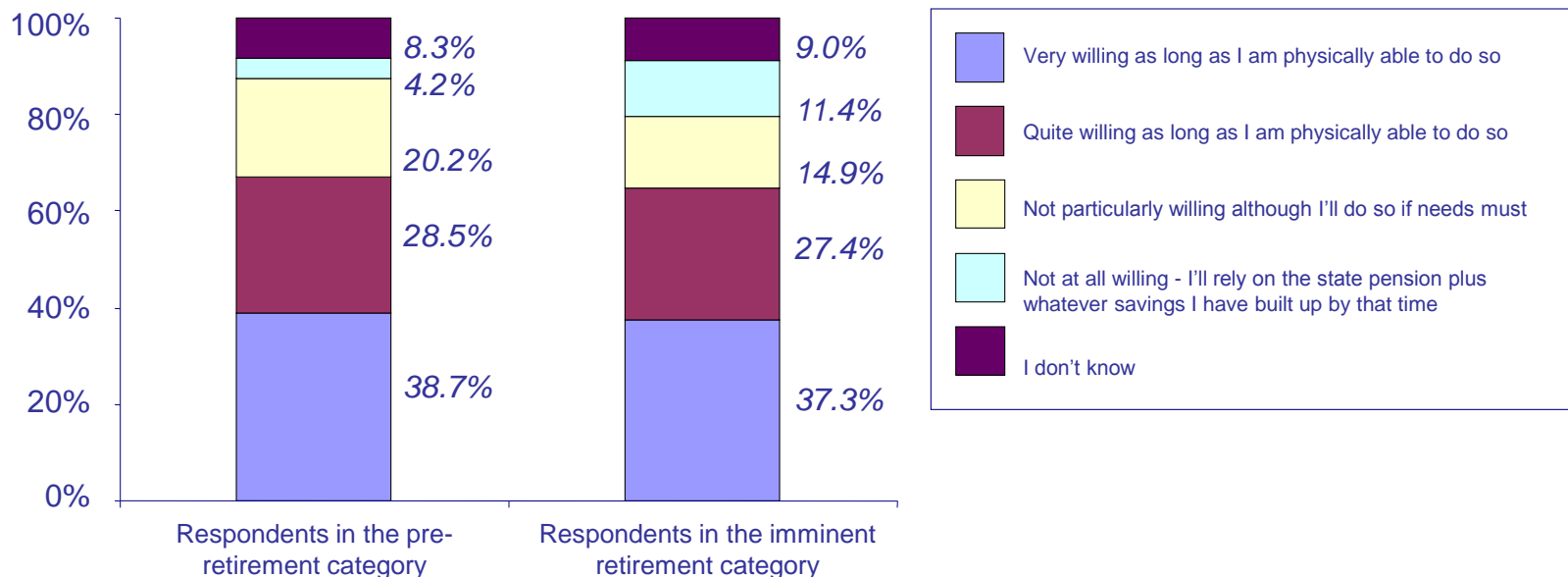
Source: Finaccord analysis of Tpoll survey

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What are some of the key findings?

2. A majority of consumers are either very willing or quite willing to continue working on a part-time basis following retirement as long as they are physically able to do so

% of respondent constituency who have not yet retired



Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

3. Consumer penetration rates for interest-bearing deposit or savings accounts for which notice is required can vary substantially by customer segment

Customer group	% penetration	Customer group	% penetration
Total unadjusted	12.7%	Less than £10,000	8.8%
		£10,000 - £14,999	9.8%
Total adjusted	12.3%	£15,000 - £19,999	8.3%
		£20,000 - £24,999	9.6%
Male	15.8%	£25,000 - £29,999	14.8%
Female	10.7%	£30,000 - £39,999	11.8%
		£40,000 - £49,999	16.9%
Pre-retirement	10.9%	£50,000 - £59,999	17.5%
Imminent retirement	20.4%	£60,000 - £79,999	17.1%
Retired	14.0%	Over £80,000	28.3%
Children aged under 25	10.2%	East Anglia	11.7%
No children aged under 25	14.4%	East Midlands	9.6%
		London / Greater London	14.4%
Property owners with mortgage	9.8%	North-East	15.7%
Property owners without mortgage	21.7%	North-West	15.7%
No property owned	9.4%	Northern Ireland	14.8%
		Scotland	11.1%
Non-mortgage credit borrowers	8.1%	South-East (ex. London / Greater London)	15.5%
No non-mortgage credit	17.4%	South-West	10.2%
		Wales	11.8%
16-24	8.2%	West Midlands	9.1%
25-34	10.2%	Yorkshire / Humberside	10.9%
35-44	10.0%		
45-54	16.2%		
55-64	17.2%		
65 or over	11.6%		

Note: similar data tables are provided for all other short-term / medium-term and pension / retirement savings products covered by the survey.

Source: Finaccord analysis of TPool survey

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What are some of the key findings? (cont.)

Key findings from the executive summary include:

- as many as 22.1% of survey participants have no short to medium-term savings whatsoever and a further 14.5% have savings of below £1,000 - as such, well over a third of consumers appear to possess no significant short-term or medium-term savings whatsoever;
- moreover, a headline finding of the survey is that 25.5% of respondents who have not yet retired declare that they are not particularly confident with respect to their ability to save adequately for retirement and 29.9% that they are not at all confident;
- while a high percentage of the overall sample continues to pin its hopes on the state pension, the results also suggest that an increasing proportion of younger individuals are gearing up to fund their retirement primarily through alternative means as opposed to through traditional products;
- in addition to the long-standing challenge of persuading consumers to make greater savings of any sort and to choose their own savings plans as opposed to those of competitors or, indeed, substitute products, providers of savings products must also develop strategies to deal with the increasing inclination of consumers to save for the long term by means of property ownership.

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What is the cost and format?

Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market is available as a standard Adobe Acrobat PDF document and / or hard copy. Costs for this research and a selection of sister consumer titles are as follows:

REPORT	COST *	FORMAT
Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market	£1,495	c. 130 pages
Channel Metrics: Trends in Current and Future Dist. Chan. Usage in UK Fin. Svs. (report / 25 briefings)	£2,995 / £395	c. 350 pages / 30 pages
Investor Metrics: Retail Customer Trends in UK Security-Based Investments	£1,495	c. 120 pages
Net Metrics: Purchasing and Researching Trends in UK Insurance / Banking (two sep. reports)	£1,495 / £1,495	c. 150 pages
Partner Metrics: Consumer Awareness of and Willingness to Use Alternative Providers in UK Fin. Svs.	£1,795	c. 220 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.

Costs quoted are for a single site user license only.

For a corporate user license, please see the next slide for further details.

Printing and postage costs of £30 per title will be payable if hard copy is required.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_uk_cfsr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.

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