

**Media Release:** Tuesday, 19 July 2011

## **Fear drives households to save more**

*Australians save \$313 each month as 53% worry about economy and lifestyle*

**The latest quarterly Household Financial Wellbeing Index compiled by ING DIRECT confirms Australians are tucking away substantial amounts of cash each week, amid concerns of deterioration in lifestyle and worries about the economy.**

### **Key findings for Q2 of 2011 (surveyed in June and early July 2011)**

- Australian households are saving an average of \$313 per month
- One in four Australian households (25%) is saving more than they were twelve months ago; 34% have maintained savings at the same level.
- Victorian households are the nation's top savers, tucking away an average of \$373 each month. South Australians are saving the least – just \$222 per month.
- Among the 41% of households who are saving *less*, 59% blame the rising cost of living.
- One in four (23%) households don't save any money each month

The latest quarterly Household Financial Wellbeing Index rates household comfort levels across six key aspects of personal financial wellbeing including credit card and mortgage debt, savings, investments, household income and ability to pay bills. Respondents rated their personal comfort level across each area on a scale from 1 ('very uncomfortable') to 7 ('very comfortable').

**The overall Household Financial Wellbeing Index for the second quarter 2011 is 105.8 - a partial bounce back from the lowest figure in eighteen months (104.8) recorded at the end of Q1.**

### **Confidence in savings offsets worries about bills**

Our determination to save has seen confidence levels in personal savings rise from 83 points in Q1 2011 to 86 in Q2. However household comfort with our ability to pay regular bills has plunged to 97 points, down from 102 in Q1, and the lowest level since the Index began in Q1 2010.

There are two broad drivers behind our increase in savings – fears that things could get worse, and on the flipside, an improvement in incomes:

- 53% are saving because of fears that the economy will worsen.
- 32% are saving more because they are earning more.

Our ability to save varies around the nation. Victoria leads the nation with monthly savings averaging \$373 (\$93 weekly). This is followed by Western Australia, where average monthly savings are \$343 (\$86 weekly).

South Australians are Australia's poorest savers, setting aside just \$222 per monthly (\$56 weekly).

### **Average monthly savings around the nation**

	<b>National</b>	<b>QLD</b>	<b>NSW/ACT</b>	<b>Vic/Tas</b>	<b>SA</b>	<b>WA</b>
Average monthly savings	\$313	\$266	\$305	\$373	\$222	\$343
Average weekly saving	\$78	\$67	\$76	\$93	\$56	\$86

Across Australia, low income earners are finding it increasingly hard to find any spare cash. Among low income families (earning less than \$70,000 annually), the proportion of households with no savings has jumped from 29% in Q1 to 39% in Q2.

**Big bills prove big hurdle to savings**

Mr Don Koch, CEO of ING DIRECT, says "The ING DIRECT Financial Wellbeing Index has now tracked the financial confidence of Australian households for 18 months, giving us unparalleled insights into how Australians are coping financially."

"The savings message appears to be getting through, with the proportion of Australian households who are 'very comfortable' with their level of savings jumping from 10% in Q1 to 15% in Q2 - the highest level since tracking commenced in early 2010."

"But many households continue to face a tough time meeting basic bills. The single biggest hurdle to saving, cited by 34% of households, is the cost of basic expenses like utilities and power. Among those households that are dipping into, rather than building, personal savings, 59% blame rising living costs."

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**Research methodology**

The ING DIRECT Financial Wellbeing Index was compiled by Galaxy Research from the online responses of 1,064 households between Thursday 30 June and Tuesday 5 July 2011 (Q2). The data was weighted by region and household size to reflect the Australian household population based on the 2006 census. The level of savings reported in the study is also calibrated to APRA national bank total deposits (households) to ensure accuracy of household savings levels.

**About ING DIRECT**

ING DIRECT began operating in Australia in 1999. By doing business online, over the phone and through intermediaries, ING DIRECT keeps its overheads low and passes the savings onto customers in the form of competitive rates. Today, it has grown to become Australia's fifth largest retail bank, with \$24 billion in deposits, more than \$37 billion in loans and around 1.4 million customers.

**Please note ING DIRECT is never abbreviated to ING.**