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SAVINGS BALANCES RE-BOUND

Britons are successfully pulling off a difficult balancing act, building up their rainy day savings and at the same time paying off debt, according to the latest figures.

Second quarter findings from the **ING Direct Consumer Savings Monitor**, the quarterly indicator designed to measure the savings levels of ordinary people, reveal that savings deposits increased by **8.7%** (£164), pushing the average savings balance to **£2,050**. Unsecured debt fell by **£213** over the same period, to an average of **£2,737**.

Commenting on the findings, **ING Direct CEO Johan de Wit** said:

*“In the first quarter of the year, the **ING Direct Consumer Savings Monitor** revealed a fall in ordinary people’s savings but an equally strong determination among the public to re-build their reserves. It seems that consumers have delivered on this in the past three months, adding to their holdings and at the same time re-paying debt.*

“We hope that these good intentions continue to be realised. It’s worth remembering that the savings of the ordinary man or woman in the street still only equate to around 1.6 months of take home pay at a time when it takes six months to get back into work.”¹

The emphasis on saving and debt repayment appears to have impacted the high street, with significant falls in consumer spending during May and June according to the CBI.² While some industry figures paint a brighter outlook for spending, consumer confidence data from the **ING Direct Consumer Savings Monitor** indicates a fall in positive sentiment about the financial outlook over the same period as well as a rise in people cutting back on spending.

Commenting on the macro-economic factors driving trends in the *ING Direct Consumer Savings Monitor*, ING Direct senior economist James Knightley said:

“The January VAT increase led many consumers to make big-ticket purchases in December, with a view to paying these bills in the months immediately after Christmas. Inevitably, the repayment drive in those months also caused a draw-down in savings. At the same time a busy housing market also meant that savings were used for property deposits.

“Now the housing market has slowed, consumers are getting back on top of their debt and are re-doubling their efforts to save more. The desire to save has been compounded by uncertainty around May’s election result and its economic effects.

“And while there are differing views on the healthiness of the high street, data from the ING Direct Consumer Savings Monitor suggests consumers are more hesitant when it comes to spending, instead prioritising debts and savings.”

Ends

For a full copy of the ING Direct Consumer Savings Monitor, visit

www.consumersavingsmonitor.co.uk

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Footnotes

1. Labour force survey to May 2010 – unemployment by age and duration
2. CBI Distributive Trades Survey (monthly survey of retailers) showed high street sales fall for May and June, compared to the same period last year.

All other figures quoted are from the findings of the ING Direct Consumer Savings Monitor. Full methodology can be found in the latest report, available at www.consumersavingsmonitor.com

Sampling methodology

A sample of 1,300 UK adults, fully representative of the UK adult population is recruited on a monthly basis by PureProfile, one of the world's leading research panels, with more than 600,000 panellists worldwide. This sample contains approximately 1,000 savers (approx 25% of Britons have no savings)

The interviewees are interviewed over the same 7 day period over the last week of every calendar month. Interviewees are asked an identical series of tracking questions every month. These tracking questions commenced in January 2009 and run on a monthly basis. This quarter's findings come from the results of April, May and June 2010 tracking.