

ING International Survey

Savings

JANUARY
2015

On the up? Pressure remains on individuals' savings and debt despite improved outlook



This survey was conducted by
Ipsos on behalf of ING

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About the ING International Survey

The ING International Survey aims to gain a better understanding of how retail customers – and potential customers – of ING Bank around the globe spend, save, invest and feel about money. It is conducted several times a year, with past reports online at www.economics.com/iis.

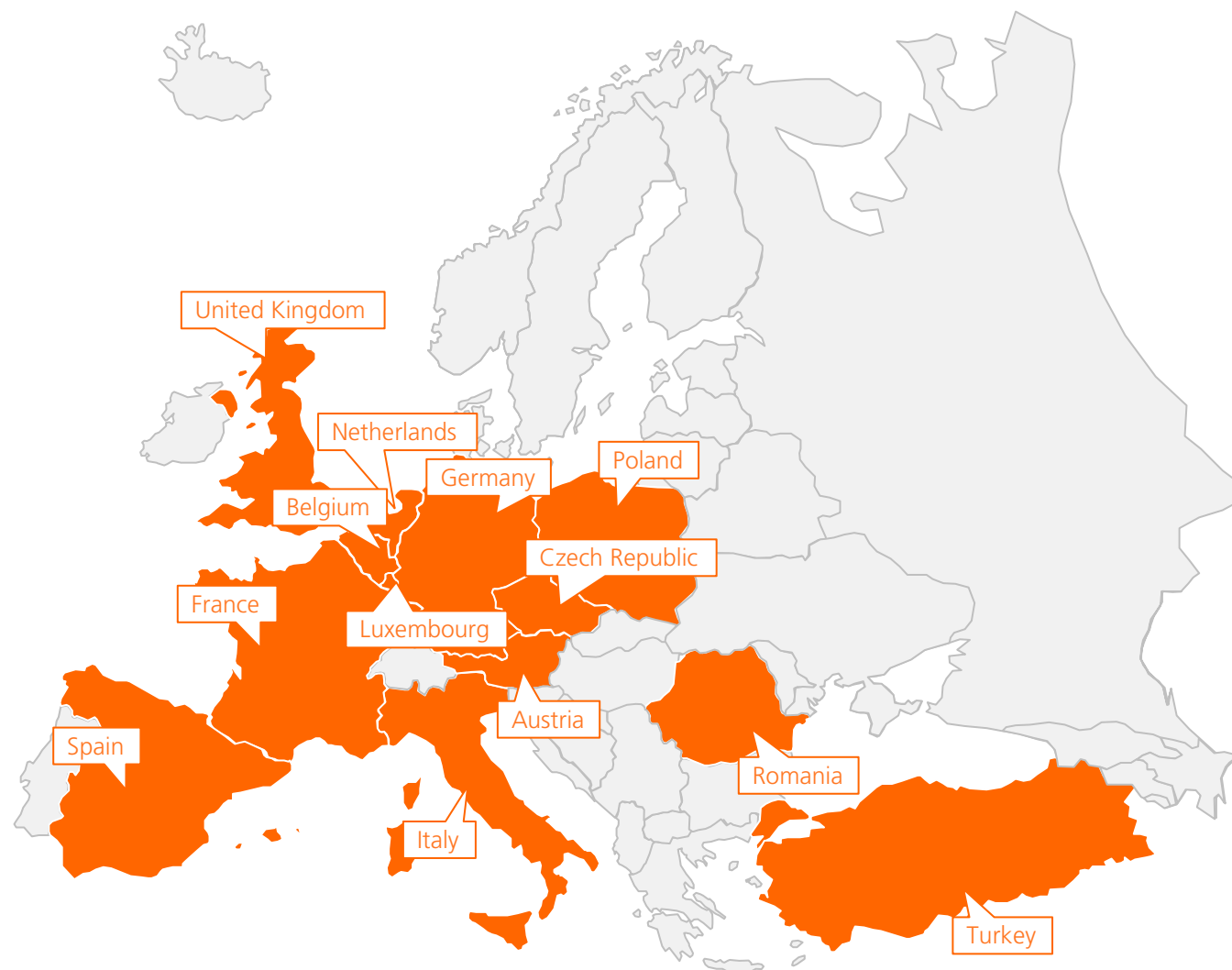
This survey was conducted by Ipsos between 16 October and 5 November 2014 using internet-based polling.

European consumer figures are an average, weighted to take country population into account.

13 countries are compared in this report.

1,000 About 1,000 respondents were surveyed in each, apart from Luxembourg, with 500.

12,743 is the total sample size of this report



Pressure on savings remains despite brightening economic picture

Balancing savings and debt still a challenge, and the “debt trap” is a concern for many.

For the last four years, respondents to the ING International Survey on Savings have been asked how comfortable they are with the amount of money they have in savings – a question that taps into feelings around money. **The Netherlands tops the ING Savings Comfort League this year** with the highest proportion saying they are very comfortable or comfortable with the amount they have in savings, up one place from second last year.

Almost two-in-five – or 38% – of people in Europe say they do not have any savings. It is a small rise on last year and rises to a high of 60% in Romania. Rises were seen in 10 of the 13 countries surveyed. In the survey, savings was defined as money readily available (specifically excluding pensions and policies that may pay out in the future).

In nine of the 13 countries surveyed, **fewer people compared with this time last year are saying the current economic situation has led to a deterioration in their finances.** It suggests more feel the wider economic environment is improving, despite pressure on the savings stockpile of some people.

Balancing savings with paying off debts appears to continue to challenge many people in Europe. Somewhat alarmingly, **respondents are more likely to know how much interest they are paid on savings than how much they are paying on debts.** And some appear to be missing an opportunity to use their savings to pay off high interest debt more quickly, with 44% in Europe with credit card debt saying they also have savings.

There is widespread caution around borrowing, with about **four-in-five in Europe agreeing “It is easy to borrow money and get trapped in a cycle of debt”.** The level of agreement is high across all of the 13 countries surveyed and there is little difference in the attitude of those people who have debt and those who do not.

The “money secrets” section of this survey shows **about three-in-ten people in Europe agree it’s normal for couples to keep a few secrets about money from each other.** The section is included because saving (and spending) is not done in isolation – the actions of others are important. Being willing to talk openly about money with loved ones is seen as positive in many cultures.

Of those in Europe with a long term partner, 17% disagree with the statement: “My partner knows of every bank or savings account that I have”, **suggesting they have a secret account.**

Almost one-in-five people in Europe who are married or in a long-term relationship agree they **bought something and hidden the expense from their partner in the last year.** People in Europe who have debt (other than a mortgage) are more likely to have hidden a splurge. **But it seems much of the hidden spending is found out.** Of a separate group in the survey who were asked if their partner had bought something and hidden the expense, 16% agreed.

There are few differences between money secrets kept by men and by women in the survey, however, age seems to have an influence. In general, **money secrets are less common among couples aged 55 and over.**



- Ian Bright, ING senior economist

Europe's money secrets revealed

Are we open with our loved ones about how much we earn and what we buy? The ING International Survey on Savings 2015 asked almost 13,000 people in 13 countries in Europe to find out.



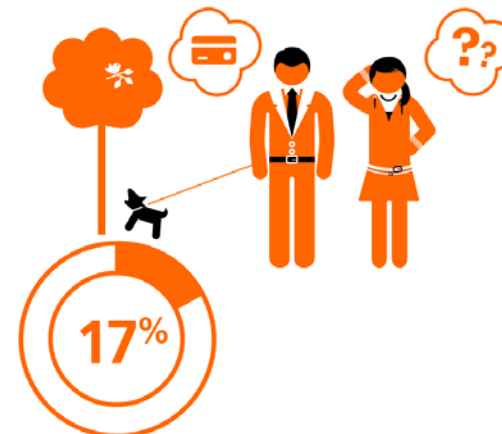
of people in Europe agree

"it's normal for couples to keep a few secrets about money from each other"



who are married or in a long-term relationship say

"In the last 12 months, I have bought something and hid the expense from my partner"



who are married or in a long-term relationship

have a bank account their partner doesn't know about



who are married or in a long-term relationship

have not disclosed exactly how much they earn



Recovery picking up pace? Most still spending less on luxuries

The Netherlands tops Savings Comfort League

For the last four years, respondents to the ING International Survey on Savings have been asked how comfortable they are with the amount of money they have in savings – a question that taps into feelings around money.

The Netherlands tops the ING Savings Comfort League this year with the highest proportion saying they are very comfortable or comfortable with the amount they have in savings, up one place from second last year. Overall, 42% in the Netherlands say they are “very comfortable” or “comfortable” with the amount they have available in savings.

The biggest positive mover is Romania, up three places to tenth equal. Both the United Kingdom and Czech Republic appear to be on an upward trajectory, with improvements several years in a row. The biggest fall is Austria, slipping three to sixth position.

In 13th spot is Italy, where just 15% are “very comfortable” or “comfortable” with the amount they have available in savings.

The comfort league reflects more than simply the amount people have saved and for the past three years has been closely correlated to the European Commission’s measure of consumer confidence. Comfort could rise, for example, even if savings are static or fall if the wider economic environment has improved and people feel better about their job security and other factors.

THE QUESTION

To what degree are you comfortable about the amount you have available in savings?

Countries ranked by percent who answered “very comfortable” or “comfortable”

	2012	2013	2014	2015	Change (2014-15)
Netherlands	2=	1	2	1	+1
United Kingdom	9	6	4	2	+2
Luxembourg	1	3	1	3	-2
Germany	4	2	6	4	+2
Turkey	11	5	5	5	=
Austria	6	4	3	6	-3
Belgium	not available	7	7	7	=
Czech Republic	10	13=	10	8	+2
France	8	11	8	9	-1
Spain	7	8	9	10=	-1
Romania	5	10	13	10=	+3
Poland	2=	9	11	12	-1
Italy	12	13=	12	13	-1

Almost two-in-five do not have savings

Almost two-in-five – or 38% – of people in Europe say they do not have any savings.

It is a small rise on last year and reaches a high of 60% in Romania. Rises were seen in 10 of 13 countries surveyed.

In the survey, savings was defined as money readily available (specifically excluding pensions and policies that may pay out in the future).

The share in the Netherlands was unchanged year-on-year while the situation improved in the United Kingdom and Belgium, with the number saying they do not have savings falling there.

There is some relationship with the ING Savings Comfort League, with the Netherlands, Luxembourg and the UK (1, 3 and 2 in the savings comfort league) having the lowest share of people without savings. Likewise Spain, Poland and Romania (10th and 12th in the savings comfort league) are among the countries with the highest shares without savings.

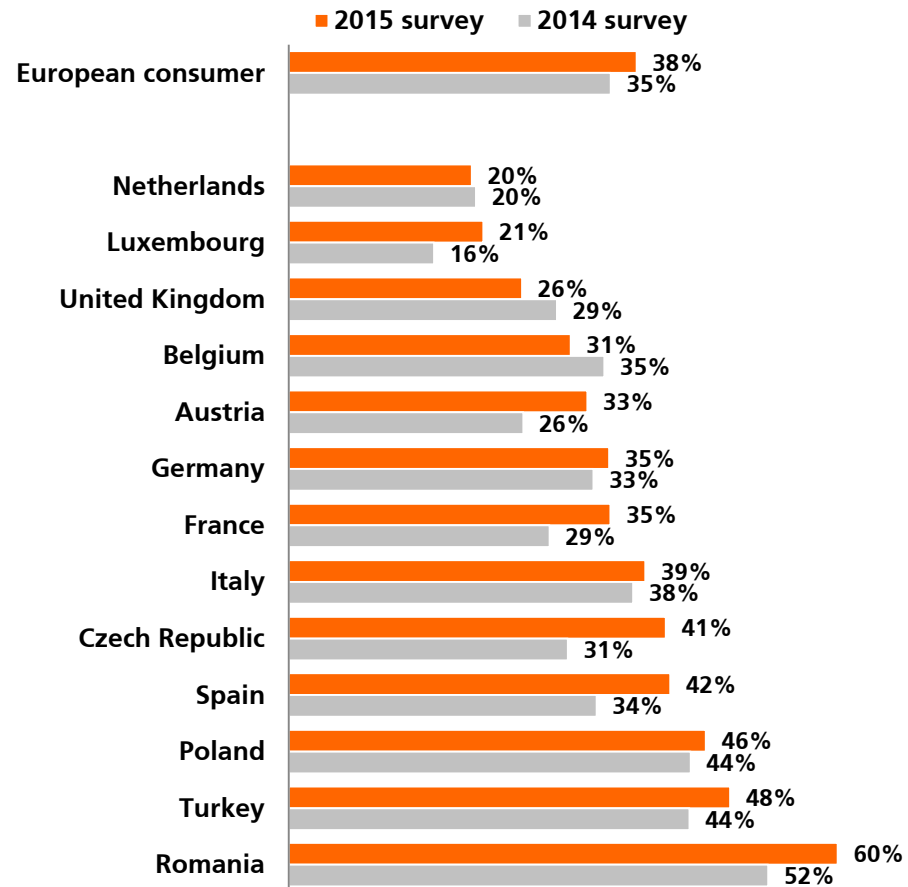
A standout is Turkey, which despite having a relatively large share of the population without savings, ranks at 5th in the league.

The comfort league is commentary about more than simply the amount people have saved, after all, comfort could rise even if savings are static (or have fallen) if the wider economic environment has improved and people feel better about their job security and other factors.

THE QUESTION

Do you have any savings?

Percent who answered “no” (excludes people who “prefer not to answer”)



Sample size: 2015 = 11,724 and 2014 = 11,426

Low growth in the economy putting stress on savings?

Gross domestic product (GDP) is one way to measure the strength of an economy.

We see Italy had the largest fall in GDP year-on-year of all countries surveyed – and the largest share in the survey saying savings declined in the last year. The same dynamic was seen in the 2014 ING International Survey on Savings.

On the flipside, the United Kingdom had the fastest GDP growth and the smallest share jointly with Turkey and Poland who say their savings declined in the last year.

Luxembourg stands out as having relatively strong growth but sits in the middle of the table.

The overall pattern seems to demonstrate a correlation between weakness in the wider economy and the pressure being put on the stockpile of savings people have managed to accumulate.

THE QUESTION

How did your savings develop in the last year?

Percent who answered “it declined” and the year-on-year change in gross domestic product (GDP) to the end of June 2014

	Savings declined	GDP change
Turkey	23%	2.1
United Kingdom	23%	4.2
Poland	23%	3.3
Czech Republic	24%	2.3
Romania	24%	1.2
Germany	25%	1.0
Belgium	32%	1.0
Luxembourg	32%	3.2
Spain	33%	1.1
Netherlands	34%	1.1
Austria	35%	0.7
France	39%	0.1
Italy	42%	-0.6

Recovery may be picking up pace, as fewer struggle with economic climate

In nine of the 13 countries surveyed, fewer people compared with this time last year are saying the current economic situation has led to a deterioration in their finances.

It suggests more feel the wider economic environment is improving, despite pressure on the savings stockpile of some people.

For the second consecutive year, Spain has had a strong “recovery” in the share saying the economy has caused their finances to deteriorate, falling from 64% in the 2013 ING International Survey on Savings, to 52% last year and 44% in the 2015 survey. So while Spain is still in the three highest, the situation there appears to have improved greatly in the last two years.

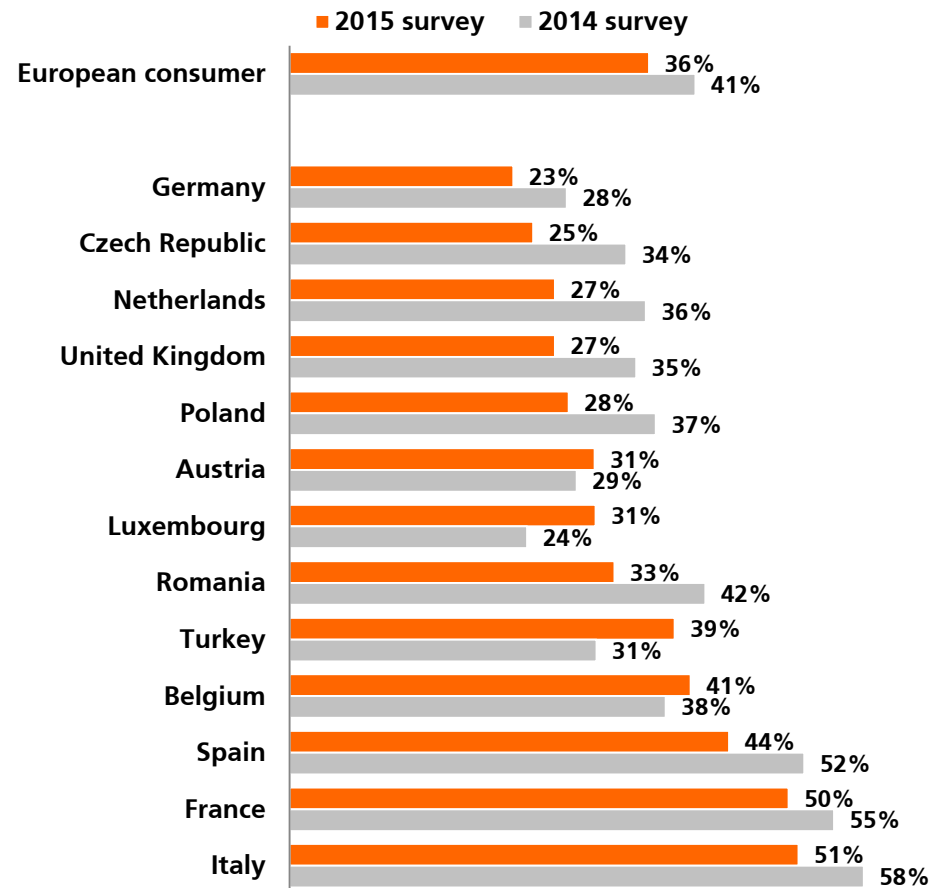
Romania, Poland, Czech Republic and the Netherlands have all had improvements of nine percentage points this year, a significant fall in the share saying the economic situation caused their finances to deteriorate.

The exceptions to this picture of improvement are Belgium and Austria (where the economic situation includes low year-on-year GDP change of 1.0% and 0.7% respectively) and Turkey and Luxembourg.

THE QUESTION

How has the current economic situation affected your finances during the past three months?

Percent who answered “deteriorated” or “deteriorated greatly”



Sample size: 2015 = 12,743 and 2014 = 12,637

Spending less on luxuries – let's holiday at home this year

Many people have cut the amount of money they are spending in response to economic conditions. Overall, 26% of people in Europe say they have not had to cut back – a slight brightening from last year when a smaller number, 22%, said the same thing. When asked which areas were being cut, the top five most commonly cited areas are:

1

Leisure and entertainment (such as going to the cinema or dining out), is the most-commonly cited area in which people in Europe have cut back, given current economic conditions. Overall, 47% said they had done this, rising to 65% in Italy and 61% in Spain.

2

Holiday spending is the second most prevalent area in which people in Europe have cut back. It was number one in Austria, Germany, Luxembourg and Romania. This is up one place from third in last year's report.

3

Clothing and grooming is the third most common area to cut back. It was top in Turkey, and much more common among women in Europe (50%) than men (32%).

4

Housing (such as furnishing and maintenance) is the fourth most common area to cut back on.

5

Food is the fifth most common area to cut back, rising to a high of 34% in France. Other spending areas of note outside the top five include mobile phone and internet costs, utility bills (particularly in Germany and Turkey) and transport (with 22% in Spain, Italy and Turkey saying they have cut transport costs).



“Easy” to get trapped in a cycle of debt but more awareness needed of interest rates

Turkey is the credit card capital, overdraft popular in France

A personal loan is the most common type of personal debt (other than a mortgage) in Europe, followed by credit cards, overdraft and money borrowed from family and friends.

The types of borrowing that are common vary from country-to-country.

In the United Kingdom and Turkey, credit cards are the most common – consistent with results of the ING International Survey on Savings 2014.

In France the most common is overdraft.

Answers can sum more than 100%, as respondents can give more than one answer if they have more than one type of personal debt.

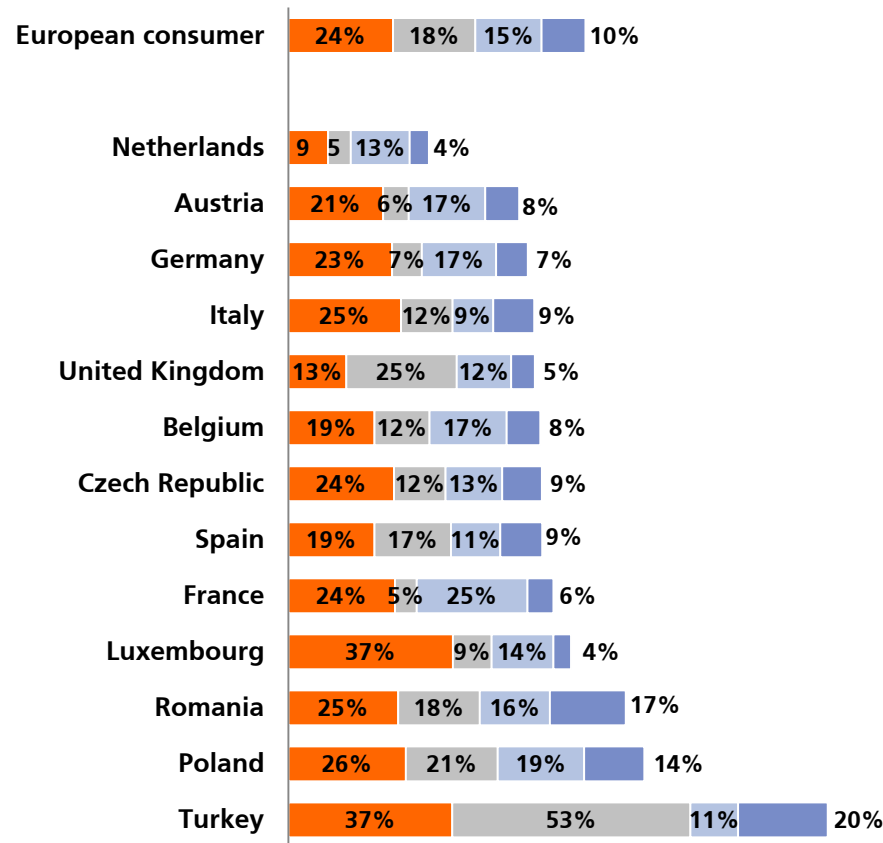
This question was asked only to people who indicated they had debt (other than a mortgage).

THE QUESTION

What types of personal debt do you or your household have?

Percent who answered "personal loan", "credit card debt", "overdrawn bank account" or "loan from friends or family" (excludes people who "prefer not to answer")

■ Personal loan ■ Credit card ■ Overdrawn ■ Friends and family



Sample size: 5,596

More know rate of interest on savings than on debts

People in Europe are more likely to know how much interest they are paid on savings than how much they are paying on debts.

Overall, 19% do not know the interest rate(s) they earn on savings. This compares to 27% who do not know the interest rate(s) they pay on debts.

The debts exclude mortgages but include bank overdrafts and other loans.

The finding may be surprising to some given that interest on debt is typically higher than on savings and needs to be paid out every period, according to the terms of the loan. However, it may be that a form of loss aversion is coming into effect, with some borrowers "burying their heads in the sand" to avoid acknowledging the cost. Earning interest, on the other hand, can be a pleasant experience – so people might be inclined to take notice.

There is a particularly large gap in the awareness of interest received and paid in France, the United Kingdom and the Netherlands.

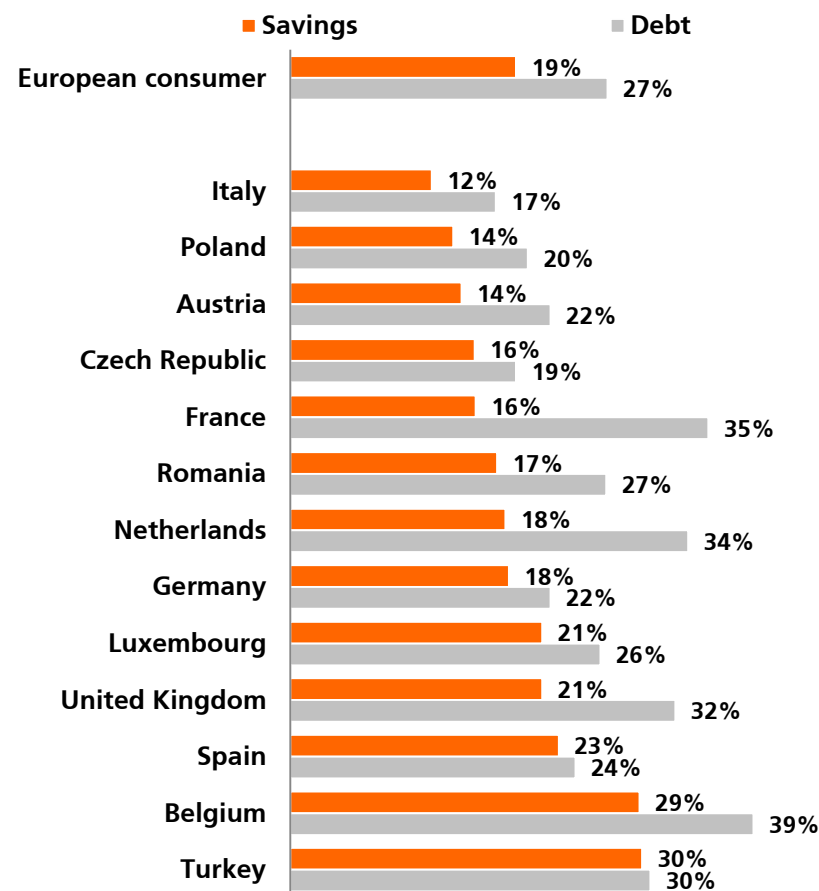
In Turkey and Spain, there is little difference but the share of people who do not know (either interest received or paid) is relatively large. Belgium has the highest share of people who do not know the rate of interest paid on their debts.

In contrast, Italy has the most informed population for both savings and debt – the close scrutiny perhaps a side effect of the relatively low levels of savings comfort (see p7).

THE QUESTION

Do you know the interest rate(s)... you are receiving on your savings?/ you are paying on your debts?

Percent who answered "no"



Sample size: savings = 7,392 and debt = 5,599

Missed opportunity? Having savings and high interest debt

As a general rule of thumb, it makes sense for borrowers to pay their most expensive debt quickly. This might mean having little more than an emergency fund in savings and using any additional money to make extra payments on debts with high interest rates, such as credit cards. The idea is that high interest loans typically cost more than the interest earned on savings.

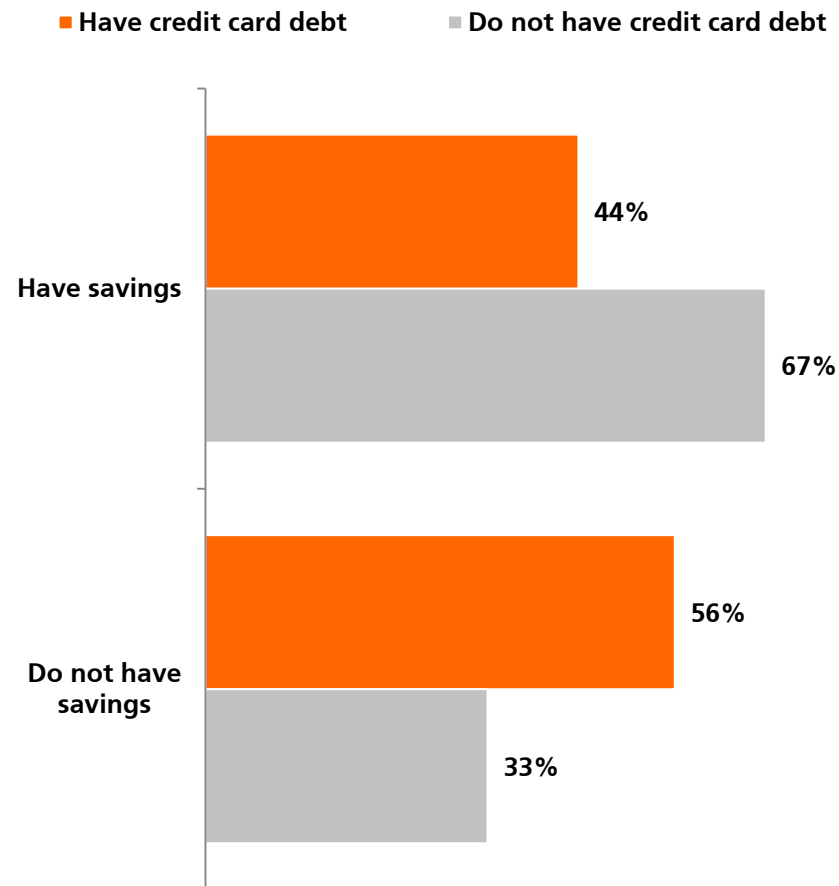
However, it appears many people may be failing to pay their expensive debt quickly.

Of people in Europe with credit card debt, 44% also say they have savings. Of these people, 38% have less than EUR2,500 in savings but 35% have EUR10,000 or more saved. The remainder of the group that have both credit card debt and savings have a stockpile of between EUR2,500 and EUR10,000.

THE QUESTION

What types of personal debt do you or your household have?/ Do you have any savings?

Percent who answered "credit card debt" or who did not answer "credit card debt", and "have savings" or "do not have savings"



Sample size: 11,726

Credit cards a popular way to borrow – but beware of the costs

In only three countries in the survey do the majority agree they prefer to borrow on a bank overdraft than a credit card.

More than half the Dutch, British and German respondents agreed they prefer bank overdrafts, which can be a more cost effective way to borrow, depending on use and terms and conditions.

Overall in Europe, the majority disagreed with the statement, suggesting they prefer credit cards.

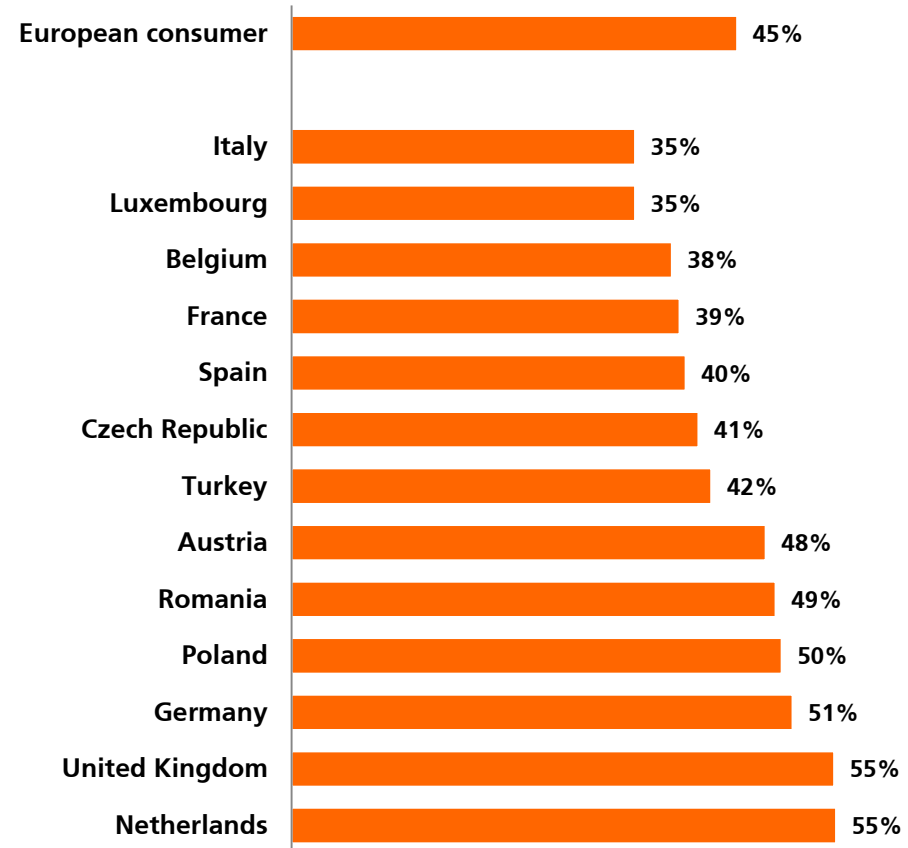
There may be valid reasons for preferring a credit card – such as ease of borrowing and earning reward points.

However, responsible use of both ways of borrowing is important. If credit cards are not paid off in full each month, the interest rate charged is typically high and bank overdraft fees and charges can mount if not managed properly.

THE QUESTION

"I would rather use money on a bank overdraft than borrow on a credit card"

Percent who answered "strongly agree" or "agree"



Sample size: 12,743

"Easy" to get trapped in a cycle of debt

Borrowing money can be positive. Borrowing can drive growth (think, for example, of a small business with expansion plans) or personal development (such as borrowing to pay for further education).

However, the borrower must repay the original loan plus interest. If repayments are not kept up, the interest can mount – and additional penalties can be levied in some circumstances.

If this happens, it can be known as being "trapped in a cycle of debt".

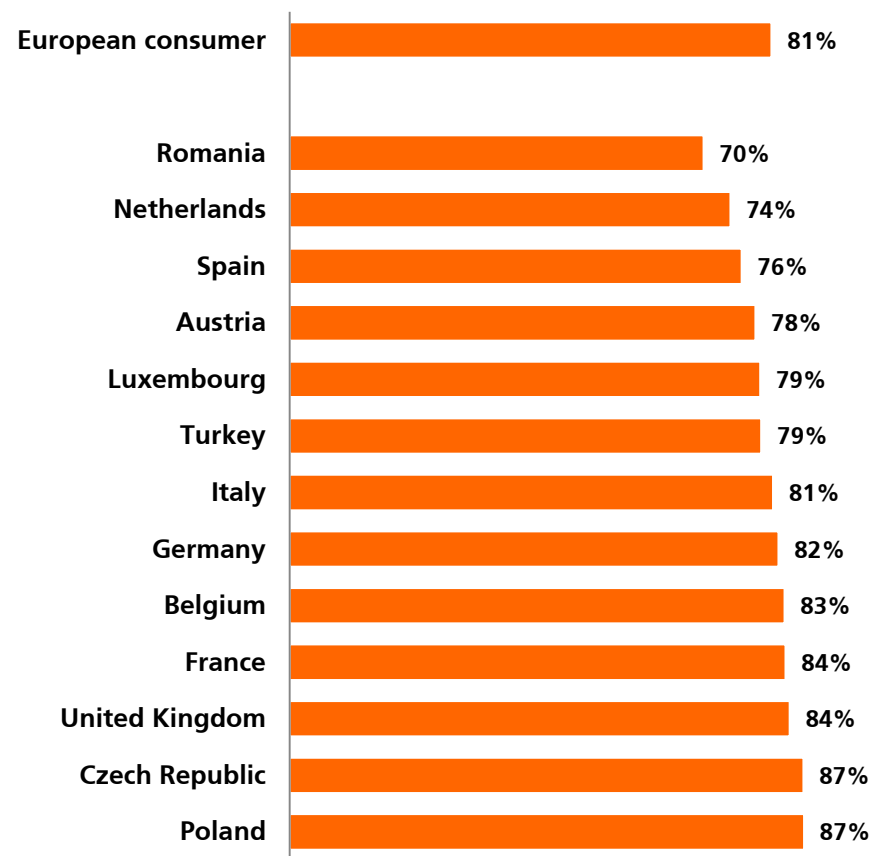
About four-in-five in Europe agree "It is easy to borrow money and get trapped in a cycle of debt". The level of agreement is high across all of the 13 countries surveyed, ranging from the survey low of 70% in Romania to the survey high of 87% in Poland in the Czech Republic.

Moreover, there is little difference in the attitude of those people who have debt and those who do not.

THE QUESTION

"It is easy to borrow money and get trapped in a cycle of debt"

Percent who answered "strongly agree" or "agree"



Sample size: 12,743

Fees a powerful deterrent to the "buy now" impulse

The vast majority agree that rather than incurring fees for going into overdraft, they would postpone spending.

Fees appear to be a powerful deterrent to the "buy now" impulse, particularly in the Western European countries of France, the Netherlands, Italy and Belgium.

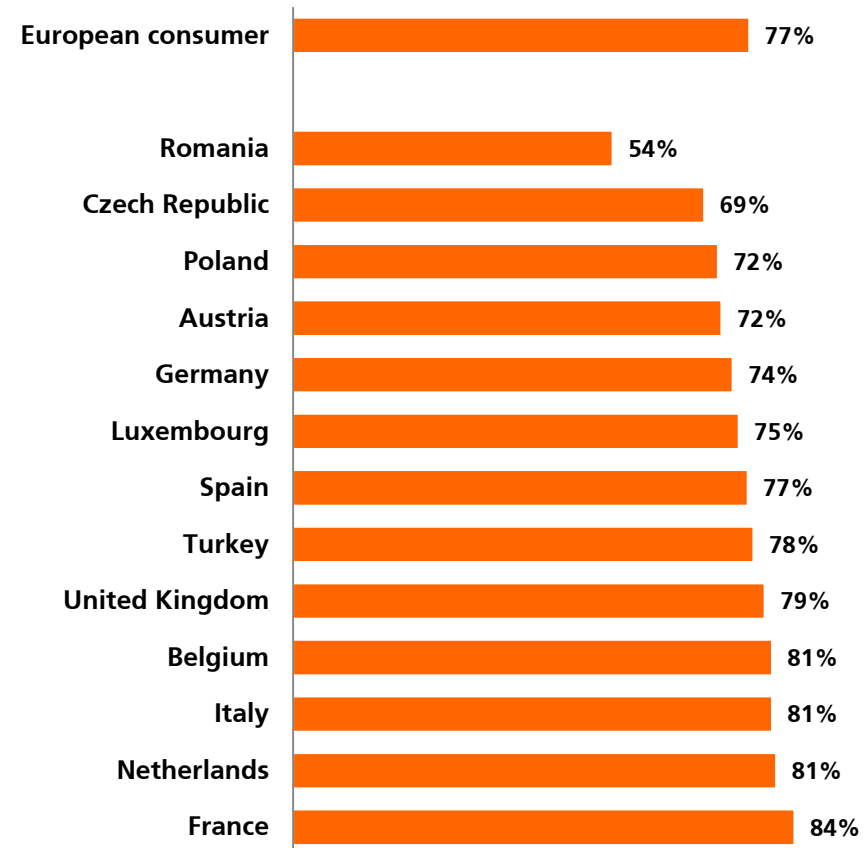
Romania is home to the lowest share who agree, but still more than half there agree.

However, the results should be read with caution as people answering a survey are in a "cold state" away from the temptation of shops, browsing online and restaurants. If asked the same question next to a till in their favourite store, the answer might be different.

THE QUESTION

"Rather than incurring fees for going into overdraft, I would postpone spending"

Percent who answered "strongly agree" or "agree"



Sample size: 12,743



Hidden bank accounts and undisclosed
splurges, Europe's money secrets revealed

Money secrets “normal”, say three-in-ten

About three-in-ten people in Europe agree it's normal for couples to keep a few secrets about money from each other.

People in France, Turkey and the United Kingdom are the most likely to agree.

At the other end of the spectrum, the Dutch are most likely to expect their partner to be open and honest about all money matters, followed by the Poles.

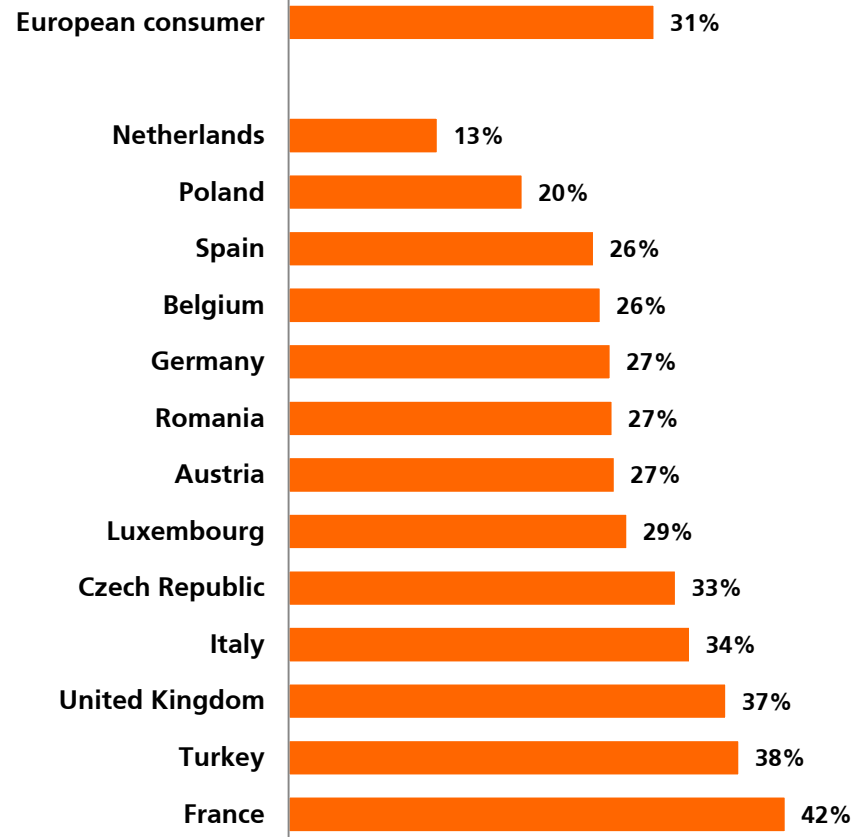
There was little difference in attitude between men and women.

However, more mature respondents – particularly those aged 55 and older – were less likely to agree it's normal for couples to keep a few secrets about money from each other.

THE QUESTION

“I think it's normal for couples to keep a few secrets about money from each other”

Percent who answered “strongly agree” or “agree”



Sample size: 12,743

The Turks and Austrians most likely to have a secret bank account

Of those in Europe with a long term partner, 17% disagree with the statement: "My partner knows of every bank or savings account that I have", suggesting they have a secret account.

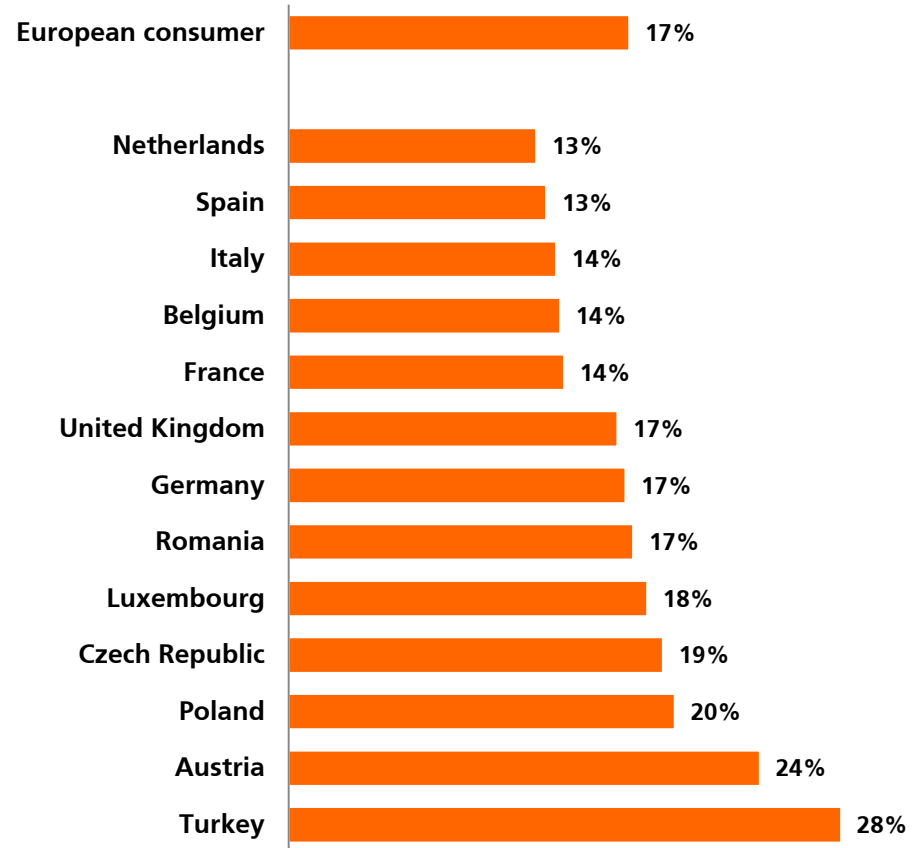
This rises to a high of 28% in Turkey and 24% in Austria. The countries with the lowest share admitting to having a secret bank account are the Netherlands and Spain (at 13%) and Italy, Belgium and France (all at 14%).

There may be positive reasons for having a bank account loved ones don't know about – such as saving for secret future plans (for an engagement ring or surprise holiday). Or it might signal a lack of willingness to talk about money, which is seen as negative in many cultures.

THE QUESTION

"My partner knows of every bank or savings account that I have"

Percent who answered "strongly disagree" or "disagree"



Sample size: 4,498

This dress? That power tool? I've had them for years...

Almost one-in-five people in Europe who are married or in a long-term relationship agree they bought something and hidden the expense from their partner in the last year.

But it seems much of the hidden spending is found out. Of a separate group in the survey who were asked if their partner had bought something and hidden the expense, 16% agreed.

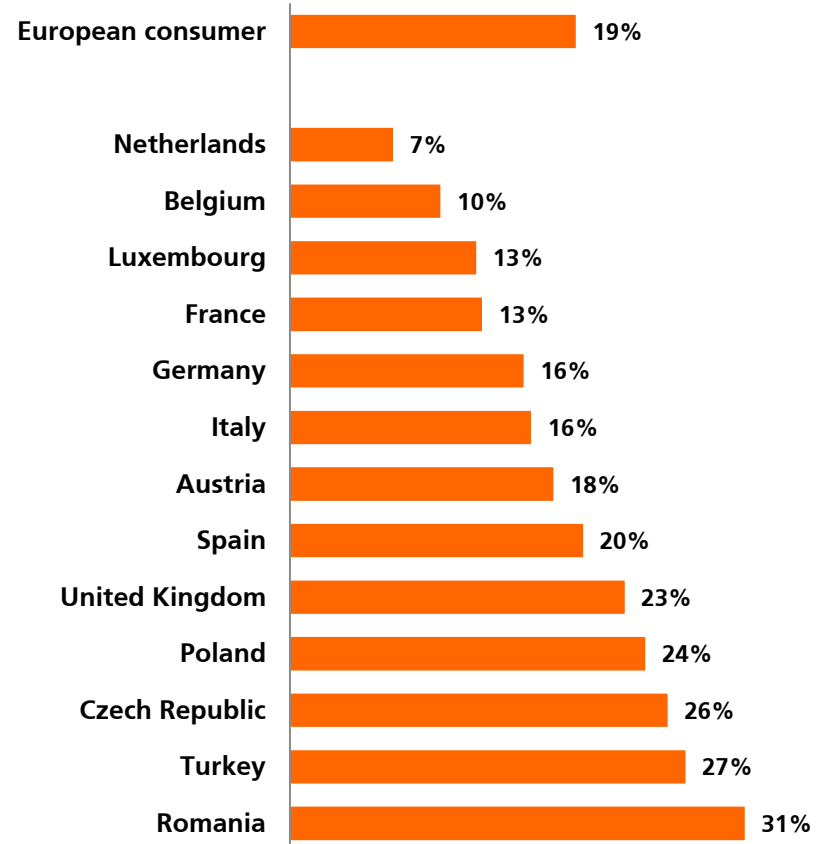
Hiding an expense is about as prevalent among women as men.

However, more mature respondents – particularly those aged 55 and older – were much less likely to agree they bought something and hid the expense.

THE QUESTION

“In the past 12 months, I have bought something and hidden the expense from my partner”

Percent who answered “strongly agree” or “agree”



Sample size: 4,498

People with debts more likely to hide a splurge

People in Europe who have debt (other than a mortgage) are more likely to agree they bought something and hid the expense from their partner in the last year.

It is evident in eight of 13 countries surveyed. In these places, there appears to be a tendency to be less open about spending if in debt, with the United Kingdom demonstrating this most strongly.

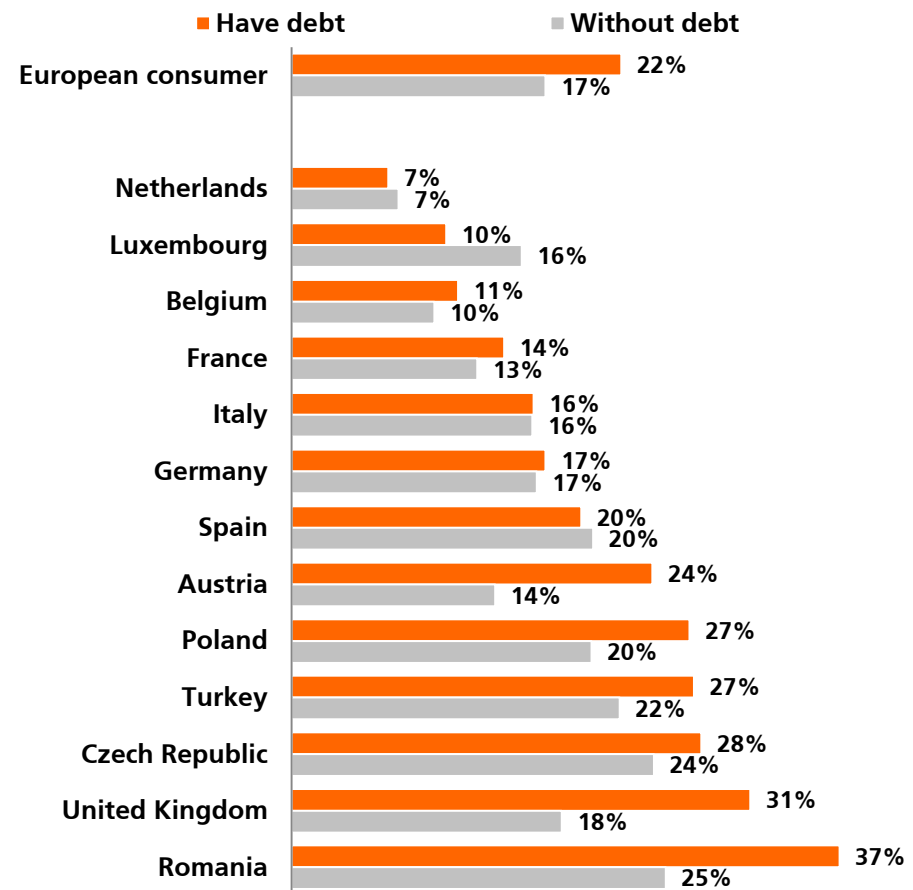
In four countries – the Netherlands, Italy, Germany and Spain – having debt makes no difference to the share who agree they hid an expense from their partner.

In Luxembourg the reverse appears to be true and having debt may actually be linked with more openness around spending.

THE QUESTION

“In the past 12 months, I have bought something and hidden the expense from my partner”

Percent who answered “strongly agree” or “agree”



Sample size: 4,267

Older couples less likely to have money secrets

There are few differences between money secrets kept by men and by women in the survey, however, age seems to have an influence. In general, money secrets are less common among couples aged 55 and over.

29%

aged 25-to-34 years admit to having bought something and hid the expense from their partner in the last 12 months – the highest share of all age groups in the survey. In comparison, the 55s and over are less than half as likely, with only 13% giving the response.

76%

aged 18-to-24 years agree their partner knows exactly how much they earn, the lowest share of all age groups. For all age groups 25 years and older, the share rises to at least 84%.

9%

of 55s and over agree they have a debt they don't want their partner to know about, the lowest share of all age groups. In comparison, 20% of people 18-to-35 years agree.

29%

of 55s and over agree "it's normal for couples to keep a few secrets about money from each other", the lowest share of all age groups in the survey. In comparison, 35% aged 18-to-34-years agree, 32% of 35-to-44s and 32% of 45-to-54s.

Most would feel red faced if they had to borrow from family

Almost twice as many people in Europe would feel embarrassed if they had to borrow money from family or friends than if they had to borrow from the bank.

This attitude of being more embarrassed borrowing from loved ones is evident in every country in Europe, with the gap particularly wide in Luxembourg (where few would be embarrassed borrowing from the bank but a large share would be borrowing from family and friends).

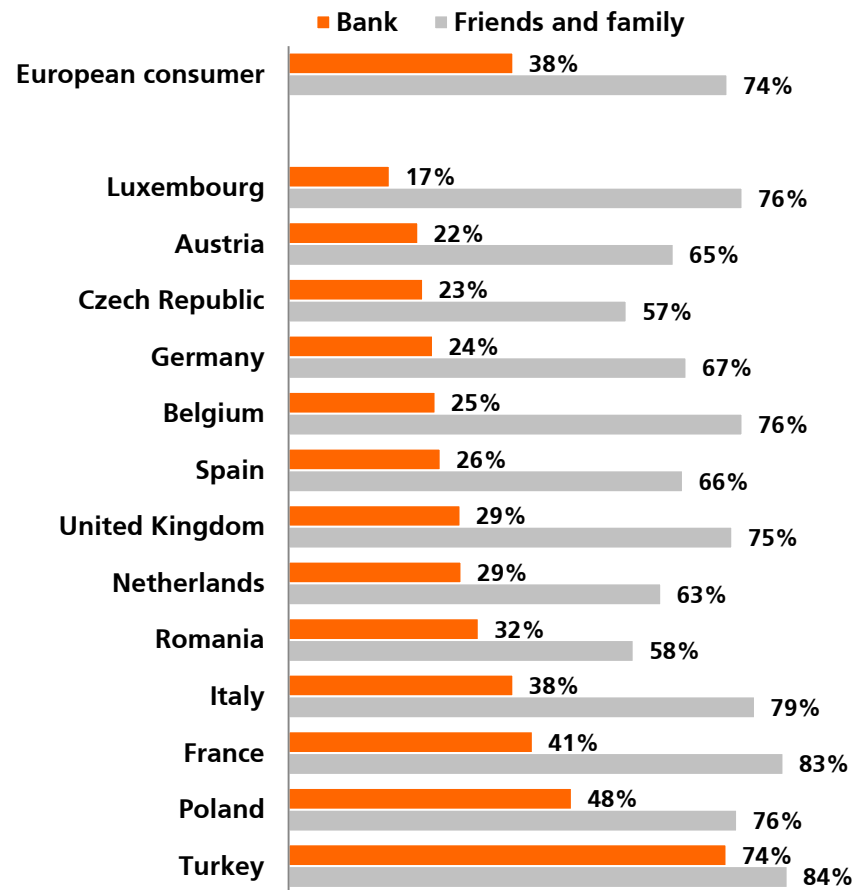
People in the Czech Republic (57%) and Romania (58%) are the least likely to say they would be embarrassed to borrow from family and friends. The famously pragmatic Dutch are next (63%).

What is surprising is the share saying they would be embarrassed if they had to borrow from a bank. After all, some borrowing can be positive and lending money is a standard activity for many financial institutions. However, including "had to" in the wording of the statement might suggest being in a financial bind with few options. In Turkey, where borrowing from family is more common (see p13), there is little difference in attitude based on the source, with survey highs agreeing they would feel embarrassed if they had to borrow from the bank and from loved ones.

THE QUESTION

'I would feel embarrassed if I had to borrow money from a bank'/ 'I would feel embarrassed if I had to borrow money from family and/or friends'

Percent who answered "strongly agree" or "agree"



Sample size: 12,743

Contact list

	Name	Phone number	Email
Austria	Andrea Hansal	+43 1 68000 50148	andrea.hansal@ing-diba.at
Belgium	Vanessa Zwaelens	+32 474 74 14 29	vanessa.zwaelens@ing.be
Czech Republic	Robert Chmelar	+420 2 5747 4097	robert.chmelar@ing.cz
France	Florence Hovsepian	+33 1 57 22 52 49	florence.hovsepian@ing.fr
Germany	Patrick Herwarth von Bittenfeld	+49 69 27 222 66886	p.herwarthvonbittenfeld@ing-diba.de
Italy	Silvia Colombo	+39 02 5522 6645	silvia.colombo@ingdirect.it
Luxembourg	Yves Denasi	+352 44 99 9632	yves.denasi@ing.lu
the Netherlands	Senne Janssen	+31657875332	senne.janssen@ing.nl
Poland	Milosz Gromski	+48 22 820 4093	milosz.gromski@ingbank.pl
Romania	Ana Oglindoiu	+40 3 1406 7118	ana.oglindoiu@ing.ro
Spain	Cristina Cabeza	+34 91 634 92 00	cristina.cabeza@ingdirect.es
Turkey	Buket Okumus	+90 21 2335 1079	buket.okumus@ingbank.com.tr
UK	Ian Bright	+44 20 7767 6656	ian.bright@uk.ing.com
Editor	Martha McKenzie-Minifie	+44 20 7767 6564	martha.mckenzie-minifie@uk.ing.com
Ipsos	Nieko Sluis	+31 20 607 0707	nieko.sluis@ipsos.com

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