



Lloyds TSB

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BRITONS TACKLE DEBT DEMONS BUT TURN BACKS ON SAVINGS

- *One in three (34%) people have changed their spending habits in the last six months and spent less to cope with the credit crunch*
- *Over half (55%) of UK adults have taken action to clear their debt*
- *But, almost two in five (37%) are saving less*
- *Four out of ten families have less than £500 in savings*
- *Consumers recognise that they need to save but want help to get into the savings habit*

The current economic climate has brought Britain's finances into sharp focus, marking the end of the 'buy now, pay later' culture, but despite gathering economic gloom almost two in five Brits (37%) are saving less, according to a new report* released today by Lloyds TSB Consumer Banking.

The 'Financial Face of Britain' report reveals the nation's savings and spending habits, debt levels and tests Briton's overall financial know-how.

The in-depth study, of over 5,000 adults, shows a distinct change in financial behaviour as the credit crunch bites. But whilst spending levels have been curbed, the current financial crisis has hit consumer's appetite to save at a time when a cash reserve is vital.

Declining debt

The report reveals a third of people have changed their spending habits in the last six months and spent less to cope with the credit crunch, with almost 40% of under 35s reporting that they have been cutting back.

People have also reassessed their finances, with over half (55%) of UK adults taking action to clear their debt. Almost one in three (32%) have increased the amount they pay off each month, with a fifth (19%) focusing on paying off more of their debt which is on higher interest rates, such as store cards.

Savings slump

But, almost two in five (37%) are saving less, particularly the older age group; with 43% of 45-54 year olds currently neglecting their savings. While the younger generation are bucking this trend, with almost a third (32%) of under 25s currently putting more money to one side. But when it comes to long term savings, almost three quarters (74%) of under 25s do not have a pension and are not saving enough to secure their future.

Worryingly, one in five people have less than £500 in their savings, with four out of ten families having less than £500 available to them should disaster strike, making many consumers vulnerable to financial difficulty during these uncertain times.

The report also reveals a significant number of consumers who do not have any savings, with over four millionⁱ yet to get on the savings ladder. More than one in three do not save on a regular basis, with over half (57%) of these saying this is down to a lack of spare cash.

In addition, over two millionⁱⁱ families are also failing to put enough money aside to secure their child/children's future and the average family savings balance of £7,542 is considerably lower than the national average (£12,703) for a single person.

Perhaps unsurprisingly, the under 25s and people from social class DE have the lowest savings balance. People in the South East are the country's best savers, with people in the area holding savings worth an average of £15,493. The Scots, however, are the worst savers with an average stash of just £9, 939 compared to £12,703 in the rest of the country.

Consumers are aware that they need to save more but many people want more guidance and support to kick start the savings habit. Researchⁱⁱⁱ shows that the

majority of consumers are looking for advice and guidance on how to save more money and how to save better.

Ian Larkin, managing director, Lloyds TSB Consumer Banking said: “It has never been more important to save. Economic conditions are set to become more challenging and a healthy savings balance could prove to be a financial lifeline for some families during the economic storm.

“But, with rising bills it’s becoming harder to put money on one side. We all understand the need to save but what consumers told us they need is more guidance and advice on how to save more when their finances are being squeezed. To tackle this, we are launching a nationwide programme to help get Britain saving, which is going to be packed full of advice on how to boost your savings balance and make saving a habit.”

Making savings a habit

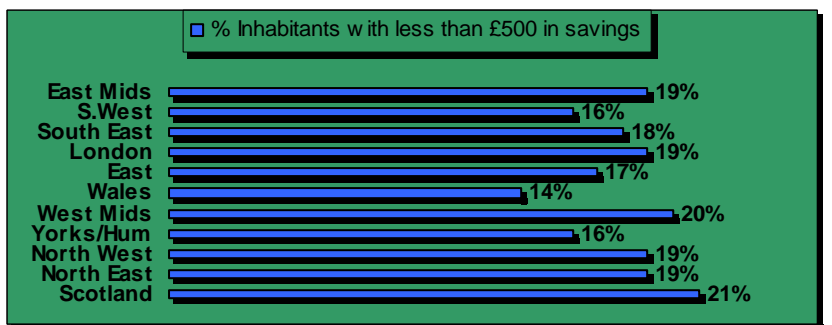
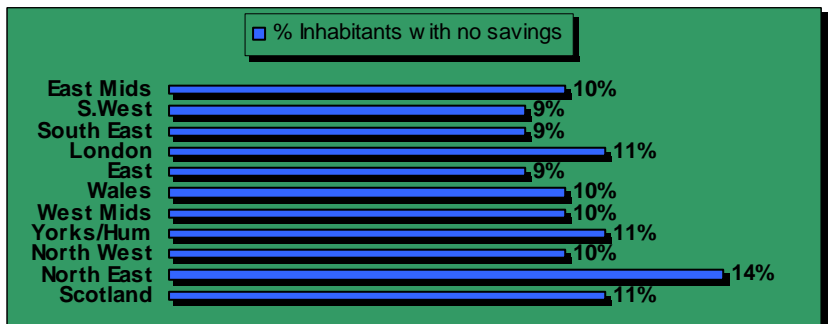
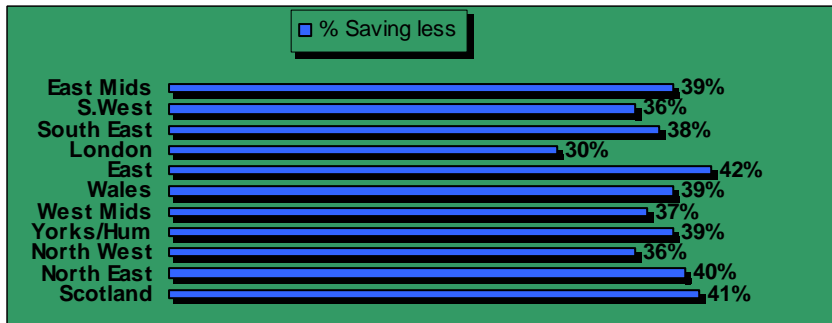
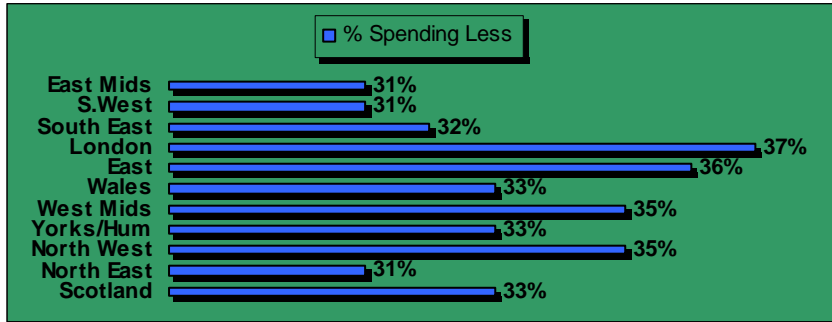
The bank is launching a campaign, ‘Helping Britain to Save’ to encourage more people to get into a saving habit and to offer advice on how to keep up this habit even when your finances are being stretched.

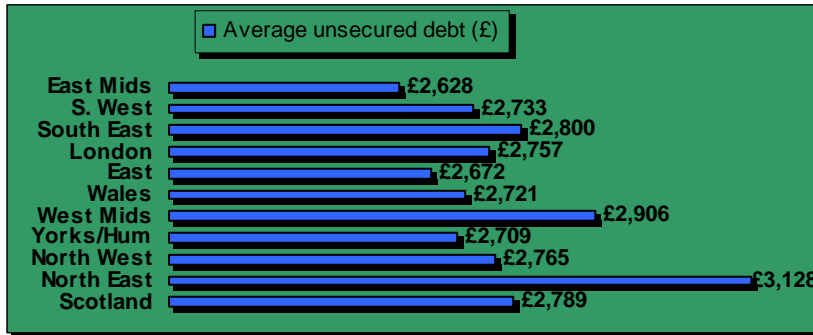
Alvin Hall, Independent Financial Guru, will be kick-starting this campaign, travelling the length and breadth of the country visiting Lloyds TSB branches, offering people guidance on how to make the most of their money in this current climate.

In addition, the bank has launched a new website, www.lloydstsb.com/savvysaver, which is packed full of top tips on how to make the most of your money, as well as simple and easy to use savings planner, which works out a personalised savings plan to match your circumstances and goals. The site also includes a web video, fronted by Alvin Hall, offering advice and tips on ways to save money in the credit crunch.

For more details visit: www.lloydstsb.com/savvysaver

Additional findings:





Ends

Notes to editors:

ⁱ There are 47,467,700 18+ adults in the UK (ONS, mid-2006 <http://www.statistics.gov.uk/StatBase/Expodata/Spreadsheets/D9657.xls>). 10 per cent of adults surveyed reported that they do not have any savings. 10% of 47,467,700 = 4, 746, 770.

ⁱⁱ The total number of families 17.1 million in 2006. 14 per cent of adults surveyed with children reported that they do not have any savings. <http://www.statistics.gov.uk/focuson/families/>

ⁱⁱⁱ Research carried out by Wardle McLean, April 2008

For more information:

Notes to editors

*Research conducted by ICM with 5000 UK adults between 29th July - 4th August 2008.

For more information

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