

Key Findings

1. Last quarter's surge in borrowing intentions appear to have been a 'one off'. More affluent consumers used their greater credit worthiness and asset holdings to enable their offspring to enter the property market boosting financial activity.
2. While confidence and financial wellbeing improved in the quarter on the back of optimism about future economic and personal financial prospects, day-to-day financial pressure is creating uncertainty as income growth slows and access to credit becomes more restricted
3. As a result, while consumers' financial engagement remains relatively high it is lower than in the previous 2 quarters and unsatisfied product demand likely to be deferred or cancelled. Around 25% of adults do not expect to save, invest or borrow in the coming months.
4. More consumers are focussing on cash and/or regular savings this quarter with all cash savings product groups showing increases in intended activity apart from child trust funds.
5. Demand for life and pension products is little changed overall, but shows a sharp reduction in regular life insurance contributions – suggesting monthly premiums are being cut as household budgets are squeezed. Pension demand remains steady.
6. Housing market prospects are less promising. Fewer people intend to put down a deposit on a property to buy, although more cash buyers may offset reduced mortgage availability. A number of higher LTV products have been launched this quarter, although demand has fallen since the spring. Rising fixed rates will further limit demand.
7. Equity investor sentiment improved this quarter helped by a rising stock market although not by a lot. There are both more intending buyers and sellers. In contrast, demand for the safety and yield potential of government and corporate bonds continues near record levels.
8. Big differences in regional activity are a feature. Prospects in the South and Scotland are the best – with demand in London greatest in both savings/investment and borrowing products.
9. The plight of the major banks has reshaped the main financial services provider standings. The new Lloyds Banking Group has a 31% market share, close to double its nearest rival Barclays.
10. Both leading MFSP bank brands - Lloyds TSB and Barclays – improved market share. HSBC and NatWest have more active customer bases.