

Erste Bank's outlook on savings and loans trends

31.01.2012

12-month trend: Austrians set to save EUR 5,460 in 2012

Economic crisis: 50% believe Austria is well prepared

Savings amount stable on average at EUR 5,460

Average loan in 2012: 68,800

What will Austrians do with their money in the next 12 months? In summary: quarter-on-quarter they will save a bit less and the loan amounts planned are also slightly lower. At present, Austrians are planning to save EUR 5,460 (-4.5%). One-third of the population is also planning major purchases in 2012. Around 15% of these plan to finance their purchases by taking out loans and will borrow an average of EUR 68,800 (-16%). Every second Austrian believes the country is well prepared to cope with another economic crisis. These are the findings of the INTEGRAL survey for 4Q 2011 conducted on behalf of Erste Bank and Sparkassen.

Austrians optimistic about the state of the nation

Austrians are optimistic about how well Austria is prepared in the event of another economic crisis. Every second citizen believes that we are well equipped to cope with an economically downturn. Only one-third believes our country is not well prepared.

In 2012, 86% of Austrians plan to save or (re-)invest money. On average, they estimate that they will put aside around EUR 5,460 for this purpose. Despite the low interest rates, the investment forms selected are still conservative. In the next 12 months, two-thirds of Austrians plan to put their money into savings accounts, while building society schemes is the favourite for 60%, and life insurance policies reached an all-time high at 44%. With 19%, the rise in real estate (+5% vs. previous quarter) is significant and gold has gained popularity to the same extent and has reached 16%.

The key lending rates will probably decline to 0.5% by the end of June 2012. The solace for savers: "The low interest rates will be accompanied by a lower inflation rate," stated Peter Bosek, Member of the Management Board of Erste Bank Oesterreich. In Austria, inflationary expectations are around 2.4% for this year; in the euro zone the rate is much lower at 1.8%.

The often cited euro crisis hardly changed anything in savings patterns in Austria in the past year: The savings ratio of currently 7.3% is around the same as in the like period of the previous year (7.4%).

Borrowing is down despite low interest rates

A constant one-third of Austrians plans to make major purchases in 2012 as well – 15% intend to finance these by borrowing money. On average, the estimated amount that will be borrowed is EUR 68,800 which is 16% lower than in the previous quarter. "We have not felt these strong fluctuations in our business," said Peter Bosek. "Rather, it is an indicator for the prevailing sentiment among the population. The more one hears and reads about economic contraction and crisis, the lower the expectations and the more cautious the estimates of amounts to be saved or borrowed."



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The year 2011 started out very promising and with a bright economic outlook, but by the end of the summer, the economic situation had dimmed again. After an increase in the amounts saved and borrowed over the course of 2011, the estimates of Austrians were slightly down again near the end of the year. GDP growth for 2012 is currently assessed at 0.9%, which is much worse than had been assumed at the start of the year 2011.