

Erste Bank Savings and Credit Outlook Survey: 8 in 10 Austrians Believe in the Continuation of the Euro

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Amount intended to be saved at €5,700

Average amount intended to be borrowed declines to €68,300

Majority in the country has faith in the euro

In the first quarter, Austrians see an improvement in their opportunities to put some money aside compared to the situation exactly one year ago: one wants to save or reinvest 5,700 euro (+12%) in this part of the world over the next 12 months. The willingness to borrow is however unchanged: 11% of those who plan major purchases want to borrow money from their bank in this time period. The average amount declines to 68,300 euro (-14%). 84% of Austrians believe that the euro will still exist in 2-3 years.

All Savings Aren't Created Equal

Around 5,700 euro are available to Austrians for reinvestment or new investment in the coming 12 months. That is 600 euro more than at the beginning of last year, compared to the annual average of 2012 it represents however a fairly constant amount. The savings book gains in popularity in spite of low interest rates at 70% (+3), the building savings account sees the largest increase to 59% (+6) and 43% (+5) want to put savings into a life insurance policy. There is also movement in the securities space: 15% (+2) want to buy investment fund units, while 10% want to buy both bonds (+2) and stocks (+1). "Due to current low interest rates, more savers are once again interested in alternatives that are at least beating inflation", says Peter Bosek, member of the management board at Erste Bank. Diversification – this is to say the allocation of savings to different investment asset classes – results in increased safety for an investment portfolio and more stable return opportunities.



Forecast: Savings and credits [jpg; 522.0 KB]



Credit Amount Declines

About one third (36%) of Austrians are planning big ticket purchases over the next 12 months. A full 88% (+4) want to finance these purchases out of their own savings – 11% (0) intend to take out a loan or a building society loan. Despite the fact that interest rates on loans remain historically low. "Every borrower should hedge this uniquely low level of interest rates by means of a fixed interest rate agreement", Bosek is convinced. In this way the size of loan installments remains foreseeable for many years. According to the survey, the planned borrowings amount to an average of about 68,300 euro, in the same time period last year the amount was still 79,800 euro (-14%).

The Euro Abides...

....that is at least what Austrians believe. Will the euro still exist in 2-3 years? This question was answered in the affirmative by an overwhelming majority of the ladies and gentlemen in the country. A full 84% are convinced of the common currency's continuation. Only 13% have doubts about its future, 3% have no opinion on the topic. A break-up scenario for the euro area isn't expected by Erste Bank's analysts either. The euro zone certainly continues to battle with growth prospects and the well

known problems surrounding sovereign debt. However, these things need to be improved in any case – this is to say, regardless of the currency question. The euro offers member nations the most stable framework for this purpose – e.g. for the periphery with regard to foreign investment, which is important for economic growth, and for Germany with regard to export growth and the labor market.

About the survey: Integral has interviewed 1,000 Austrians (representative of the population from age 14) via telephone and asked them about their saving and investment plans as well as their financing needs. In addition they were asked about their assessment regarding the continuation of the euro. The survey took place in the time period 13 February 2013 to 19 March 2013. Unless indicated otherwise, the data are compared with those of the same quarter of the previous year.