

# Study on Savings: Safety Is More Important to Austrians than Interest

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Average Amount Saved at EUR 181

Savings Book: One Third Don't Know What Their Interest Return Is

Approximately 800,000 Austrians Already Make Use of Banking Apps

Austrians are once again putting more money aside this year than last year. On average, €181 are saved per capita every month. Among different forms of saving the savings book retains the top spot at an unchanged 81%; building savings accounts are becoming ever more popular. When choosing a form of saving, safety and availability of funds play a bigger role for 70% of those surveyed than interest returns. The main reasons for putting money aside are financial security and planned purchases of big ticket items. New forms of saving additionally promote the desire to save: €13 m. have been put into savings books already via smart phone, resp. as a rounding up amount when shopping.

## Saving: Losing some of its importance

How important is the topic of saving and investing actually to Austrians? The IMAS study on behalf of Erste Bank and Sparkassen shows that the general desire to save has declined somewhat in recent years. While saving was still important to 8 in 10 people in 2009, this applies to only 72% this year. Contrary to the value placed on saving, the volume of savings has however increased in recent years. On average, Austrians are putting aside € 181 per month, which is € 11 more than last year. In spite of this increase in volume, fewer Austrians are happy with the amount saved. 47% are satisfied with their savings performance, three years ago this still applied to 57%. Overall the savings rate has however declined over the past several years. In sum the growth of savings is smaller than the growth in incomes. Currently the savings rate stands at 5.2%.



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## Safety of money much more important than interest return

Approximately every other person knows how much interest they earn on their savings book. About one third have no idea how high the interest rates paid on their savings books are. Why do people even bother to put money into a savings account in times of low interest rates? "Safety and prompt availability of funds are most important to savers", explains Peter Bosek, member of the management board. Indeed, only 45% state that the interest return on savings books is very important to them, the top concerns are safety (70%) and prompt availability (60%). Unifying all three of these aspects in a single product is impossible. One thing is however clear: Interest rates will remain low for several more years. "Especially in a global low interest rate environment one has to take an active approach as an investor and broadly diversify one's wealth in order to beat inflation", says Bosek.



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## New and old forms of saving

In terms of traditional forms of saving, the savings book remains number 1: around 4 of 5 Austrians keep their money there. Building savings accounts are becoming ever more popular recently. While 58% had a building savings account in 2010, this year already two thirds (66%) have one. The number of Austrians who have taken out a life insurance policy has barely changed (41%). Securities or investment funds are owned by about a quarter of the total population. Government-sponsored



Peter Bosek, Privat- und Firmenkundenvorstand der Erste Bank

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retirement plans have increased since 2010, with a quarter of the population currently investing in them as well. New forms of saving promote the desire to save additionally: Using the first smart phone savings account (Impulse Savings App), customers of Erste Bank und Sparkassen have already saved €5.7 m. in this country spontaneously with the push of a button. Via “Rundungssparen”, whereby amounts paid when shopping are rounded up to the next euro and the difference is transferred to a savings account, €7.3 m. have already been saved. “With saving made so easy and combined with a certain fun factor, people's desire to save is boosted”, explains Bosek. The new forms of saving – which are based on an underlying savings account – have only been introduced last year.

#### **Austrians love online banking**

Around one third of Austrians already employ online banking one or several times per week in order to attend to their banking activities and call up information on their savings and current accounts. 15% even use netbanking almost daily. The 53% of Austrians who do not yet conduct their banking transactions online cite as their main reasons doubts about security (35%), 20% have no internet connection, while only 15% say that they are not interested. Rapid developments can currently be observed regarding mobile banking via smart phones. 11% of Austrians already use mobile services. Still a comparatively small share, which is however growing at a disproportionate rate. “To go from zero to 800,000 users in the space of just two years is no small feat”, Bosek states. At present two thirds of Austrians already own a smart phone, and mobile internet use is rising strongly simultaneously. Among customers of Erste Bank, every other person already has access to netbanking. Around 50% also make use of it regularly, several times per month. The use of mobile banking apps experiences growth rates of over 10% per quarter.