



Erste Bank Savings and Credit Forecast Survey: Amount of Savings and Borrowings Continues to Decline

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Amount intended to be saved at approx. 4,700 euro

Planned average loan amount: 68,200 euro

Austria's top long term investments: building savings, savings account and real estate

Austrians state that they want to reinvest or newly invest approximately 4,700 euro in 2014. That is exactly 1,000 euro less for the coming 12 months than in the comparable period last year. About one third (32%) expect that they will make major purchases over the same time period and 12% of those will finance them by taking out a loan. For the purpose of long term wealth accumulation Austrians regard the building savings account, the savings account as well as real estate as the best forms of investment. Securities occupy only the 4th to 6th place. This is according to the current Savings and Credit Monitor, a quarterly survey conducted by Integral on behalf of Erste Bank und Sparkassen.

Smaller Volume of Savings

Austrians are planning for a savings and investment amount of about 4,700 euro over the coming 12 months. That is 1,000 euro less than exactly a year ago. "At Erste Bank savings deposits are declining as well due to low interest rates", explains Peter Bosek, member of the management board at Erste Bank. More money is spent on consumption at present. How will savings be invested going forward? 61% (-5) will rely on the good old savings book, more than every other respondent (54%, -1) puts his trust into the building savings account, and 37% (-3) want to save via a life insurance policy. Similar to last year, 11%, respectively 10%, want to buy stocks and bonds, only 10% gold (-4) and investment funds are of interest to 16% (-2). A more or less steady one third (-2) will pay into a pension plan, and 15% (-3) are still enthusiastic about real estate. 17% intend not to invest at all (+/-0). The savings rate, i.e., the proportion of disposable income committed to saving, is currently quite low at 6.4%, however, the trend is pointing slightly upward again.



Peter Bosek

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Less Credit Financing than a Year Ago

Around one third of Austrians intend to make a major purchase in the coming year, such as e.g. an apartment, new furnishings or a new car. On average these Austrians estimate their financing needs to amount to around 68,200 euro in the coming 12 months. That is about 10,000 euro less than a year ago. One would assume that given low interest rates, the desire to borrow should increase.

However, 8 out of 10 want to fund their purchases out their own savings and 12% want to take out a loan for this purpose (-1). The number of those who receive help with financing from friends or family has halved from 12% to 6%. Outstanding loans of private households in Austria amounted to € 138.5 bn. as of the end of November, the Savings Bank Group has a share of 26.4 bn. "Demand may not exactly be rabid yet, but it is at least rising slightly at the Savings Bank Group in Austria", says Bosek.

Most Popular Forms of Investment for the Long Term

What are the top products for long term wealth accumulation over a minimum of five to ten years in the opinion of Austrians? 31% regard the building savings account as suitable for this purpose, 23% the savings account, followed by real estate with 22%. Stocks are in fourth place with 14%, investment funds and life insurance policies are regarded as suitable by 12% each. Only 10% are putting their faith into gold, 7% can imagine bonds, and 5% a pension plan.

Investing in jewelry or art or keeping their savings at home is contemplated by only 1%. 26% state that they have no idea.

Especially from a long term perspective, e.g. housing construction bonds are currently not to be missed. As they are exempted from capital yield tax up to a coupon of 4%, comparable yields cannot be attained with other, similarly low-risk forms of investment. The current housing construction bond AT000B116298 pays a fixed coupon of 2.4%, which equals a coupon of 3.2% before capital yield tax. Broad diversification over many types of asset classes is advisable as well and possible with www.youinvest.at. Investors can configure their investments on their own there, in a transparent and simple manner.

About the survey: Integral has interviewed 1,000 Austrians (representative of the Austrian population above the age of 14) via telephone about their intended forms of saving and investment as well as their financing requirements. Furthermore they were asked about their estimates regarding future trends in interest rates on savings and loans. The survey took place between 15 November and 5 December 2013. Unless indicated otherwise, comparable figures refer to the same quarter of the previous year.



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