



## Erste Bank Savings and Credit Forecast Survey: 40% believe there will be an economic recovery in Austria this year

Amount intended to be saved at approximately EUR 6,200

Intended average loan amount: EUR 77,000

How much money do you want to save or (re-)invest over the coming 12 months? 6,200 euro, Austrians say. That is 500 euro more than in the comparable period last year. A steady one third are once again planning to make a major purchase this year. The 16% of them who want to finance it with a loan are budgeting to borrow around 77,000 euro. Regarding the trend of Austria's economy, 40% expect a recovery in 2014. This is revealed by the current Savings and Credit Monitor, a quarterly survey performed by Integral on behalf of Erste Bank und Sparkassen.

### 8 out of 10 Plan to Invest

At present, significantly fewer people want to newly invest or reinvest money than in the comparable period last year. 80% intend to invest, while exactly one year ago, this percentage still stood at 87%. On average, 6,200 euro are earmarked for this purpose in 2014 (+500 euro). However, all investment asset classes are seeing a decrease: Only 62% still want to put money into a savings account (-8), 55% (-4) want to enter into a building savings contract, and 38% (-5) are considering a life insurance policy this year. Investment funds are stable at 15% (+/- 0), while stocks and bonds remain important asset classes for 9% (-1). At just 7% (-7), there is a large decrease in those planning to invest in gold. Due to low interest rates, time deposits have declined in Austria for quite some time. Currently a lot of money in Austria is deposited mainly in current accounts in the form of overnight deposits, that have no notice or commitment period: in the first quarter of 2014, the amount has increased by almost EUR 10 bn. compared to the first quarter of 2013. *"Many are just parking their money and are still not quite sure how they should invest it"*, says Peter Bosek, member of the management board at Erste Bank.

*"However, this actually costs money in the current environment."* In periods of low interest rates, one method has proved especially reliable: Broad diversification of one's wealth over a variety of asset classes. Many investors have already reacted to the fact that low interest rates seem set to remain in place still longer: For example, You-Invest, the new investment product of Erste Bank and Sparkassen, has attracted a volume of EUR 220 m. since its start in October 2013.

### Credit Volume Has Slightly Increased



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Around one third of Austrians plan to make a major purchase in the coming 12 months. 16% (+5) of them want to finance these outlays with credit, and are budgeting for a loan amount of 77,000 euro on average (+8,700 euro). The percentage of those who want to fund these purchases out of their own savings has declined from 88% to

83%. Overall, Erste Bank and Sparkassen have disbursed EUR 741 m. in new loans to private customers in the first quarter, an increase of more than 2% compared to the previous year (Q1). *"We want to contribute to the recovery this year and increase our credit volume further"*, notes Bosek.

## 40% Expect Austria's Economy to Improve

4 out of 10 Austrians believe that Austria's economy will improve this year compared to previous years. 8% have no opinion on the topic, while 51% do not yet believe in a recovery. Erste Bank's current GDP forecast predicts average growth of 1.7% for Austria this year, while only 1.1% growth is expected for the euro area overall. *"At the moment the evidence for growth is still weak, but I expect that 2014 will be a year of recovery"*, says Bosek.

**About the Survey:** Integral has interviewed 1,000 Austrians (a representative sample of Austria's population above the age of 14) via telephone and asked them about their savings and investment intentions as well as their financing requirements. They were also asked about the state of Austria's economy in 2014. The survey took place in the period 7 March to 23 March 2014. Unless indicated otherwise, comparative figures refer to the same quarter of the previous year.

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