



Savings Study 2014: Is There Still Something to Feed the Piggy Bank?

On average, 188 euro per month are put aside from incomes for the piggy bank. 87% of Austrians are putting money aside for a rainy day, and 45% are saving to provide for their retirement. The savings book remains in the top spot among forms of saving, even though only for 78% these days. Three quarters of Austrians however fear that saving is no longer producing a sufficient return in light of low interest rates – nevertheless, only 25% have as of yet given some thought to how to preserve the purchasing power of their savings. Alternatives are however necessary for the purpose of long term investment.

Austrians Continue to Save

Rising unemployment, low interest rates on savings and the current inflation rate are worrying Austrians greatly at the moment – approximately three quarters of all survey respondents in the Erste Bank Savings Study 2014 fear that saving is therefore no longer producing sufficient returns. Nevertheless, saving remains important for Austrians: for about half of them it continues to be important to be thrifty and put money into savings accounts, only 20% prefer to spend their money as a result of low interest rates on savings. What are Austrians actually saving for? 9 out of 10 are putting money aside for emergencies, retirement provision is following far behind with 45% and that in turn is closely followed by saving for renovations (42%). “The fact that every second respondent isn't doing anything for retirement provision is terrifying. Saving for the long term is just as important as emergency funds”, says Peter Bosek, member of the management board. On average, 188 euro per month are set aside for savings. Although this is 7 euro more than last year, approximately half of all Austrians state that they are not satisfied with the amount they are saving. This is no surprise, as inflation is taking a sizable bite out of it: thus of 165 euro that were saved in 2010, only 147 euro remain today, adjusted for inflation and without taking interest into account.



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Savings Book Remains Top Savings Alternative

While 8 out of 10 Austrians don't expect an increase in interest rates on savings in coming years, they nevertheless remain committed to the savings book: 78% use this form of saving, two thirds have a building savings account, 40% a life insurance policy, and more than a quarter are investing in securities. “The savings book should actually serve as a short term liquidity reserve. Due to current low interest rates, it isn't useful for long term wealth creation or retirement provision”, Bosek notes. Although Austrians are worried about low interest rates on savings, only every fourth is as of yet giving some thought to countermeasures against the loss of purchasing power. In figures: Around 5.1 million Austrians leave their savings to the ravages of inflation.

Moreover, sight deposits in Austria's current accounts have been growing for years, while savings deposits have declined: around EUR 66 bn. were deposited as sight deposits in Austria's current accounts in 2013, earning interest of 0.125% p.a. on average. If this amount had been deposited in savings accounts with up to two years maturity and earning an average interest return of 0.88% p.a., Austrians would have been able to earn half a billion euro in interest (source: OeNB).

Four out of Ten Have a Neutral Attitude Toward Securities

All those who have already thought about investing their money differently, tend to invest in securities and real estate (26%). "One has to let go of the notion that the matter of savings is dealt with by simply putting money into a savings account", says Bosek. Stocks, bonds and investment funds are seen in a favorable light by every fifth respondent, 4 out of 10 have a neutral attitude toward these types of investment. Long term investment makes for instance sense in the form of administered asset management: YouInvest. Since November 2013 the total volume of this mixed investment fund has already grown to EUR 410 m. The performance of YouInvest Balanced (medium risk) is 4.07% p.a. The fund offers three different selections in terms of risk, and investors continually receive easy to understand reports in order to be able to appreciate the investment decisions. At www.youinvest.at one can configure one's investment oneself and is able to get directly into touch with the fund managers.



About the survey:

Market research institute IMAS International has conducted a telephone survey on behalf of Erste Bank on the topic of savings. In the time period from 29.7. to 8.8. 2014, 900 people were asked whether, how much and why they are saving, whether they are satisfied with it, what their economic worries are, what they think about future interest rates, how they currently invest their money and whether they are looking for alternatives. The results are representative for Austria's population from the age of 15.

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