

Saving and Investing for the Long-term - UK - February 2010

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What is this report about?

In this report, Mintel examines the market for long-term savings and investment products, from cash to equity-based investments and the issues facing providers, distributors and advisers. It considers whether we are a nation of savers or borrowers, and how the upheavals of the past two years have affected savings confidence and behaviour.

Getting the measure of savings is essential as Britain is moved off government-funded intensive care with major post-election decisions needed on the levels of taxes and public spending. Drawing on both market data and fresh consumer research, this report presents an overview of the savings market – its size, the key trends, and the way in which it is responding to the seismic changes seen in the financial services industry.

What have we found out?

- There has been a fundamental change in the investment climate since this report was last written, but even the combination of strong stockmarket growth and record low interest rates hasn't changed the UK consumers' fundamental dislike of risk-based investments.
- The risk adverse mindset is reflected in the fact that relatively few people invest for speculative reasons. Instead, the key motivation for saving is security and stability. Investment returns are secondary to peace of mind.
- Changes in university funding are having a major impact on the consumer mindset. Among those with children, education costs are now the main reason for saving.
- The slowdown appears to have concentrated people's minds on the importance of saving. History shows that this may be a relatively short-lived trend, though. Providers who don't capitalise on this new mood of prudence may be missing a once-in-a-generation opportunity.
- The internet is helping create a new breed of self-directed investor. The better-off, in particular, are making extensive use of online sources of advice.
- Despite this, the 'hobby investor' - those who actively enjoy trying to get the most out of their savings - is still a niche market. The UK is a long way from the US in terms of mass-market interest in investment issues.

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