

## Saving and Investing for Children - UK - February 2013

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*"Even during a period when the Bank of England base rate is at a historical low, only 4% of parental savers show an increased interest in non-traditional products. These attitudes are reflected on a wider level among British investors, with very few adults actually confident to engage and invest in such products."*

– Stevan Obradovic, Financial Services Analyst

### In this report we answer the key questions:

- Have low interest rates made parents more interested in less traditional products?
- How is the Junior ISA market performing a year after launch?
- What do parents look for when taking out children's savings products?
- What lies ahead for the Child Trust Fund sector?

The children's savings and investing market has certainly endured a testing time since the end of 2011, as economic conditions continue to challenge parental savers. The lack of real wage growth has put pressure on household incomes, with many consumers looking to reduce debt and build up funds for a rainy day over long-term saving and investing. Add into the mix the after-effects of government changes to the products in the children's savings market and it is clear that there are a number of challenges facing this sector. Child Trust Funds, one of the most popular products in the market, are no longer open to new participants and have since been replaced by Junior ISAs. Uptake of the new product has been disappointingly low, undershooting even the most pessimistic expectations.

However, there are a number of positives for the children's saving and investing market. Parental desire to save for their children will always remain strong and a large number of adults will always save for their kids – circumstances permitting. While uptake of Junior ISAs has been low, there is evidence to show that adults who are opening this product are contributing higher amounts on average than parents who opened CTFs. Certainly, there is scope for ownership to grow over the long term, and even in the short term, providing enough firms and the government truly give their support to this product.

This report examines some of the main developments in the children's saving and investment market, while looking at some of the key economic challenges facing the industry. The report concludes with Mintel's exclusively commissioned research looking at savings behaviour, product ownership and parental attitudes towards children's savings.

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