Reflecting Ireland

An insight into consumer behavioural change in Ireland

Savings - September 2024

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Contents

Executive summary

The people of Ireland are known anecdotally as a nation of savers. In lockdown we saw rates of 'accidental saving' increase as we had less opportunity to spend. In this issue of Reflecting Ireland, we find that with lockdown a distant memory, the challenge of a high cost of living still persists, which has taught us to continue to be cautious with our money as we seek the sense of security and control that savings provide.

In other respects, however, we are leaving money on the table. While there is a growing sense of relief and positivity about the economy and our own personal finances, there are undoubtedly opportunities to save more. Where we consider switching suppliers, we do not always follow through, similarly, while most of us intend to avail of grants and supports we may be eligible for, there are often barriers that get in the way or slow us down.

Mood of the nation

- For the first time in 2.5 years of tracking sentiment, we see some positive green shoots of optimism, with significant uplifts evident across many of our Public Mood measures.
- Despite economic sentiment being at its highest level, anxiety is still the dominant emotion. However, overall, positive sentiment has increased with less of us feeling pessimistic and more of us feeling calm and cheerful.
- The rise in people feeling more confident about their personal finances suggests people are moving towards a more sustainable approach to managing their future budgets.

Attitudes towards saving

- If we were given €1,000 in the morning, 6 in 10 said they would put their money aside for the future into savings or their pension, whereas just a third said they would spend it 'in the now' on the likes of a holiday or shopping spree.
- When it comes to motivations for saving, we are more likely to cite security, preparedness and control rather than saving for reward/ treats. Women and 18-24s are more likely to report an emotional association with savings, with saving playing a role in lessening anxiety for these groups more than others.
- When it comes to choosing savings accounts, the safety and accessibility of our money is a priority, ahead of rates of return.

Saving behaviours

- Since April 2022, people are feeling more in control and equipped when it comes to managing their money. There has been a significant decrease in those who say they are budgeting more as a result of the cost-of-living. More people are saying they feel confident managing their day-to-day expenses and that they have money left over at the end of the month and that they could handle a major unexpected expense.
- Three-quarters of the population say they regularly save, meaning a quarter of the population are not saving on a regular basis. Those aged 45-54 are less likely to be regular savers.
- Saving for a 'rainy day' remains the number one reason to save for Irish people – this has increased since 2021.
- Just over half of parents have a savings account for their child. The main driver for having a children's savings account is to instil good savings habits.

Cost-saving

- 2 in 5 say they considered changing utility providers in the past year to save money. There has been an increase in intention to switch providers for some utilities since 2022.
- Most who say they are not going to switch believe they are currently getting the best value. However, for those who may feel they could get better value elsewhere, the perception of hassle when it comes to switching is a barrier.
- When we look at where people are making sacrifices and cut-backs, it appears that less people are willing to cut-back on holidays (domestic or foreign) this year versus 2022.
- When it comes to benefits and entitlements, there appears to be some level of confusion about what people are eligible for and how to go about claiming these benefits.

The Reflecting Ireland research was conducted among a nationally representative sample of 1,000 adults aged 18+ in the Republic of Ireland. Interviews were carried out between the 4th and 15th July 2024.

Cautious Optimism

We are more positive about the economy, the direction the country is going, and our personal financial situation than we were two years ago.

More of us are positive about the direction the country is heading in than at any point since January 2022 (38% in July 2024 vs. 24% in July 2022). That said, just over half (52%) still feel the country is heading in the wrong direction. A majority of us (61%) expect the economy to either remain the same or improve over the coming year – again the most confidence shown in the economy since January 2022.

Regarding our own personal financial situation, almost a quarter (23%) feel better off than a year ago, and almost a third (29%) expect to be better off this time next year. While this represents an improvement, not everyone is feeling positive. A similar proportion (30%) expect to feel worse off next year.

The general mood about living in Ireland reflects on the one hand an increasing optimism about the economy, and on the other the toll the high cost of living continues to take. Just over half (53%) feel downbeat about living in Ireland, while the remainder (47%) feel upbeat. This represents a movement of 4% in a positive direction since April '24.

The cost of living continues to bite, with a third (33%) flagging it as the most important issue the country needs to address. This is twice as many as those that flag the price of housing (15%) or immigration (14%) as their top concern, and three times as many as those that feel access to quality healthcare (10%) or homelessness (10%) is the main concern.

A growing confidence in our ability to manage our finances in a high cost of living environment

We have become more confident in our ability to manage our finances over the last 2 years.

Almost two thirds (63%) feel confident managing day-to-day finances, up from 58% two years ago, and almost half (48%) have money left over at the end of the month, up from 37%. A similar proportion (48%) could handle a major unexpected expense, up from 35% two years ago.

	2022	2024
I am confident managing my day-to-day finances	58%	63%
I have money left over at the end of the month	37%	48%
I could handle a major unexpected expense	35%	48%

Confidence in managing day-to-day finances is highest among those aged 55+ at 74% vs. 63% on average. It is also higher among men (66%) compared to women (60%).

We have learned how to live with a high cost of living

A recent Eurostat report confirms Ireland is the second most expensive country in the EU for goods and services, with prices 42% higher here than the EU average (1). It is perhaps unsurprising then that the cost of living remains a top concern. However, we appear to have become more used to living with a higher cost of living.

Three quarters (75%) budget based on the cost of living, down from 79% two years ago. While half of us have cut back on car journeys as a result of higher fuel prices, this is significantly lower than two years ago when almost two thirds (64%) did. While 4 in 10 fear being unable to pay energy bills, this is down from 1 in 2 two years ago.

	2022	2024
I am budgeting more than before as a result of the cost of living	79%	75%
I have cut back on the amount of car journeys I make as a result of higher fuel prices	64%	50%
I fear that I will not be able to pay my energy bills	53%	38%

We have become adept at employing money-saving strategies

Over 8 out of 10 use vouchers, 3 in 4 (75%) regularly compare prices online and two thirds have switched to discounters (67%) or choose own-label over branded food products (64%) - these habits have not changed over the past two years. Women in particular have become adept at finding ways to save money.

Over the next 12 months, how likely are you to start or continue doing any of the following to save money?

	Women	Men
Use Vouchers	87%	77%
Compare prices online	77%	72%
Switch to discounters	69%	62%
Swap branded for own label food products	69%	58%

What has changed is our willingness to cut back on holidays or short breaks. Two years ago, 62% were willing to cut back to save money. This has now reduced to 54% for holidays in Ireland and 51% for holidays abroad. We are sacrificing the day-to-day to allow us more joy and fun experiences.

We are a nation of savers

Three in four (75%) people save, and this rises to 84% among those aged 25-34 when starting a family or purchasing a home.

Virtually all of those who save currently intend to continue saving over the coming year; two thirds (64%) are planning to continue to save the same amount, a quarter (23%) intend to save more and 12% less.

These findings align with recent data published by the Central Statistics Office (CSO) confirming that the household savings rate reached 15% in the first quarter of 2024, up significantly on the previous quarter and the first increase after three quarters of decline (2). The CSO points out that following an elevated level of household savings during the Covid-19 pandemic, saving levels had fallen back to or slightly below the Eurozone average, but are now on the increase again and approaching the Euro area average of 15.3%. Household income is benefiting from more people working, higher wages and higher income on assets, driving up the amount available for saving.

If given €1,000 in the morning, over half of us would save it rather than spend it

If we were given €1,000 in the morning, over half of us (55%) would choose to save it, reflecting a desire to prepare for what is ahead rather than splurge on a holiday (16%), share with family and friends (10%) or go on a shopping spree (6%). Older adults (55+) are the most likely to spend it or share it with friends or family. Younger adults (18-24) are the most likely to save it. Those with children are more likely to save it than those without.

If you were given €1,000 in the morning, what are you most likely to do with it?

Put it in a savings account	Share with friends and family	Book a holiday
18 - 24: 70%	18 - 24: 7%	18 - 24: 4%
55+: 42%	55+: 17%	55+: 22%

We see benefits in teaching our children to save

Six in ten (59%) parents with children aged between 8 and 18 say their children have savings accounts. The main motivation behind this is to teach them good savings habits from a young age, followed by protecting their financial future.

Not everyone is managing to save

1 in 4 (24%) don't save on a regular basis, either because they can't afford to or because it's not a habit. Two in five (42%) don't have an emergency fund.

For 8 in 10, a sense of control and financial security are the key motivators for saving

For 82%, having a sense of control or feeling more financially secure are the main motivations for saving. This trumps any sense of freedom or opportunity that savings might bring (16%). This is reflected in the main reason we save, which is for a rainy day. Over half (54%) say this is the main reason, around twice as many as those saving for a holiday (28%) or home improvements (26%).

Reasons to save differ by age group, with older adults (55+) more likely to save for a rainy day, and younger age groups (18-24) for a car or a deposit for a new home.

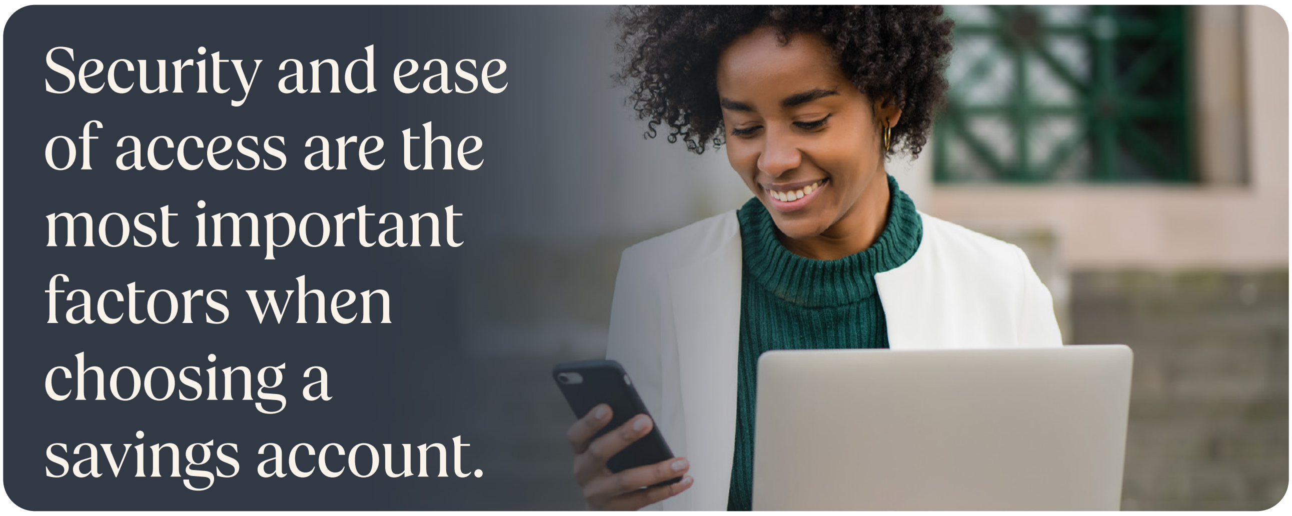
In general, could you tell us what you are saving for?

	A rainy day	Holiday	Home improvements	Car	Deposit for a new home
18 - 24	37%	24%	6%	37%	27%
55+	64%	32%	33%	12%	1%

Security and ease of access are the most important factors when choosing a savings account

Knowing our savings are secure (28%) and that we can access them when needed (23%) are the most important considerations for people, ahead of rates of return (20%). The importance of easy access is reflected in the fact that over half (55%) have had to dip into savings to cover unexpected costs over the past year.

Having a financial cushion lessens anxiety for 1 in 10 (11%), especially for those aged 18-24 (26%) and more for women (14%) than men (9%).



Women seek security, men seek returns

At an overall level, safety and easy access trump returns when it comes to choosing a savings account. There are however differences between men and women. Men prioritise return rates while women prioritise security.

What's most important when choosing a savings account?

	Women	Men
The safety of my money	30%	25%
Being able to have easy access	27%	18%
Financial institution that I trust	15%	17%
High interest rate	15%	26%

Security is relatively more important to women, opportunity and reward to men

Motivations for saving:

	Women	Men
Security	44%	36%
Control	44%	44%
Opportunity / freedom	7%	10%
Reward	6%	9%

Men are better at saving for the long-term

Overall, more people are saving to put more in their pension now (14%) than 3 years ago (9%) which is a positive sign. Men are more likely to save for pensions and investments (28%) than women (17%).

Our management of day-to-day costs is improving, and we aim to get better

Switching to save

Switching providers is one way to save money in the face of a rising cost of living. Three quarters (74%) of us have considered switching providers over the past year, particularly utilities, insurance, TV, broadband and mobile. This is an increase from 70% two years ago.

We are most likely to consider switching utility provider to save money, and this is reflected in the fact that 8 in 10 are watching their energy use more closely than before. Four in ten (42%) considered switching utility provider over the past year, and 6 in 10 (58%) plan to over the coming year. Just over a third (37%) considered switching car insurance or broadband provider last year, and in both cases more plan to this year, 56% and 53% respectively. Almost a third (30%) considered switching mobile last year, more (41%) plan to this year. A similar proportion (28%) considered switching TV provider last year; 45% plan to do so this year.

	Utility provider	Car insurance	Broadband	Mobile	TV
Considered switching provider over the last year	42%	37%	37%	30%	28%
Will consider switching provider over the coming year	58%	56%	53%	41%	45%

Despite our love of saving, we miss opportunities to save more

Despite being good at saving in some areas, we miss opportunities in others

We are much less proactive about switching provider when it comes to financial services. Just 1 in 7 (14%) considered switching a savings account last year, and 1 in 10 a current account. In both cases, more of us plan to switch over the coming year, but still just 1 in 5 in the case of current accounts and 1 in 4 in savings accounts.

	Considered switching provider over the last year	Will consider switching provider this year
Savings Account	14%	25%
Current Account	10%	21%

We rationalise that the effort / reward ratio isn't worth it, or that it would simply be too much hassle to switch

The greatest barrier to switching is the perception that our current provider has the best prices or offers available. This is particularly the case for mobile providers (70%), car insurance (62%), TV (58%), broadband (57%) and utilities (51%).

When it comes to financial services, less than half of us are unlikely to switch. However, 1 in 4 (26%) in the case of savings, and 1 in 5 (21%) in the case of current accounts, believe even if they don't, the scale of savings achievable mean it's simply not worth the effort.

> "The Effort Paradox:
> when given a choice, humans tend to avoid effort"

1 in 3 see switching financial products as too much hassle

The perceived hassle factor is most associated with financial services, with approximately 1 in 3 suggesting it's a barrier to switching; 31% for current accounts, 28% for savings and 31% for mortgages.

Research shows that when it comes to switching financial products such as current or savings accounts, or mortgages, it is not awareness that gets in the way – people are aware that they can switch provider. It is the perceived complexity of the process and the expected time or effort needed to switch that can put people off (3).

Women are less likely to consider switching financial products than men

Likelihood of changing account provider in the future to save money:

	Women	Men
Savings Account	20%	31%
Current Account	17%	25%
Mortgage	9%	20%

Some opportunities to save don’t occur to us, or go on the long finger

Despite our commitment to savings, many of us miss out on financial entitlements or supports designed to help us save money. Examples include availing of grants and supports to buy or upgrade homes, or work-related reliefs and benefits.

Home-Related Financial Supports

While the intention is there, a lack of knowledge around eligibility criteria or specific supports available, or a lack of upfront funds are barriers to availing of grants / supports to buy or upgrade homes.

One in six have already availed of supports to help purchase a new home (First Home Scheme or Help to Buy Scheme). Three and a half times as many plan to do so in the future. A similar proportion (18%) have availed of the Vacant Property Refurbishment Grant, and almost three times as many plan to do so in the future. Only between 11% and 14% do not plan to avail of these supports.

Have you availed, or do you plan to avail, of any of the following grants/benefits?

	Have availed of	Plan to avail in the future	Do not plan to avail
First Home Scheme	16%	59%	11%
Help to Buy Scheme	16%	58%	13%
Vacant Property Refurbishment Grant	18%	52%	14%

When it comes to home energy upgrades, 1 in 4 have already availed of SEAI Home Energy Improvement Grants, and almost twice as many (47%) intend doing so in the future. One in seven have availed of Home Energy Update Loan Schemes, and 1 in 2 (52%) plan to do so in the future.

	Have availed of	Plan to avail in the future	Do not plan to avail
SEAI Home Energy Improvement Grants	25%	47%	16%
SEAI Home Energy Upgrade Loan Scheme	14%	52%	18%

Barriers that get in the way include a lack of knowledge of eligibility criteria, low awareness of specific supports available, or a lack of upfront funds

(A) Many are unaware of eligibility criteria:

Approximately 1 in 3 of those who don’t own a home are unaware if they are eligible for supports to buy their first home, including the First Home Scheme (33%) and Help to Buy Scheme (38%).

Almost a third (29%) of homeowners don’t know if they are eligible for an SEAI Home Energy Improvement Grant, and 38% don’t know if they are eligible for a Home Energy Upgrade Loan Scheme.

(B) Of those that have not or don't plan to avail, many say a lack of awareness of what specific grants / benefits are available to them is a key barrier:

Around 1 in 4 say they are unaware of the First Home Scheme (26%) or Help to Buy Scheme (24%). Almost 1 in 3 are unaware of the SEAI Home Energy Improvement Grants (27%) or Home Energy Upgrade Loan Schemes (30%) available to them.

(C) Lack of upfront funds is a significant barrier for those who want to buy their first home or upgrade their existing home:

One in four (25%) of those who have not or do not plan to avail of the First Home Scheme say a lack of upfront funds prevents them from doing so. This is also the key barrier for of those who have not availed of the Help to Buy Scheme (27%).

A lack of upfront funds is also the key obstacle to homeowners who haven't availed of the SEAI Home Energy Improvement Grant (38%) or Home Energy Upgrade Loan Schemes (34%).

Homeowner intention to retrofit doubles when the assistance of government grants is factored in

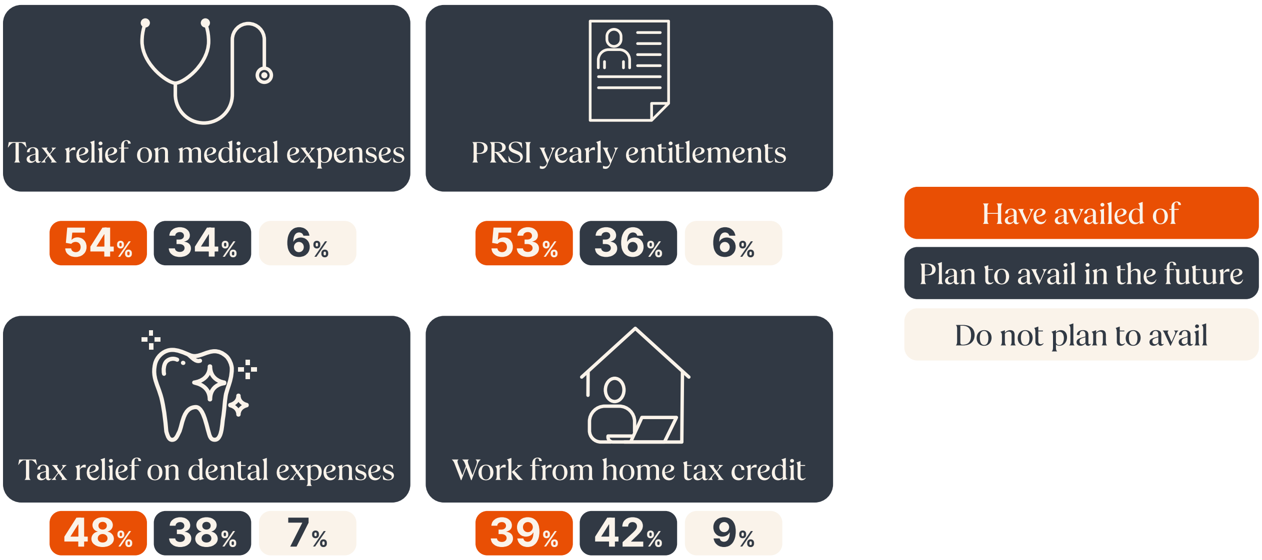
One in four (25%) homeowners would be prepared to retrofit their home at their own expense, but this more than doubles to 55% when government grants are considered. This highlights the important role played by government grants, and the benefit of driving awareness of them.

Work-Related Financial Supports

It is estimated that Irish taxpayers could be leaving up to €1,800 on the table by not availing of refunds and entitlements (4).

Around half say they have already availed of key work-related benefits including medical, PRSI and dental benefits. Around 1 in 3 say they haven't yet but plan to do so in the future. Fewer than 1 in 10 do not plan to avail of work-related benefits, mainly because they are not aware of what grants or benefits are available to them.

Have you availed, or do you plan to avail, of any of the following grants/ benefits?



There is a relatively good understanding of eligibility criteria for PRSI entitlements with 86% aware of whether or not they are eligible, and just 13% unaware. Higher numbers are unaware whether or not they are eligible for other work-related benefits including relief on medical expenses (18%), work from home tax credit (22%) and tax relief on dental expenses where 1 in 4 (24%) are unaware if they're eligible.

Our view on the Irish economy

Positive economic outlook for the year ahead has significantly improved

There has been some movement since our report last quarter when looking at how people feel about the economy. Those who believe the situation will stay the same or improve has significantly improved and is now at the highest level since January 2022.

Do you think the economic situation of the country is likely to improve, remain the same, or get worse over the next 12 months?

	Q1 2024	Q2 2024	Q3 2024
Stay the same	34%	34%	36%
will improve	20%	20%	25%
Don't know	4%	6%	3%
Get worse	43%	40%	36%

Are we on the right track?

Similar to our feeling towards the economy, the country is turning a corner when considering the overall direction of the country, with the highest level of optimism in two and a half years. In total, 38% of people say we are moving in the right direction – which is up 8% on the last quarter – while 52% say we are on the wrong track. That represents a small decline from 56%.

38% Right Direction

Wrong Track 52%

10% Don't Know

How we describe our personal finances

An increase in those who say they are better off compared to a year ago

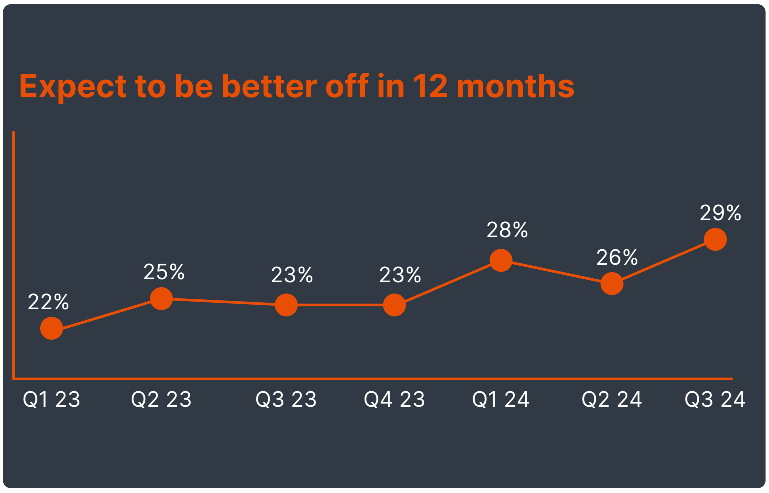
This quarter, we see an increase from 18% to 23% for those who said they were better off compared to this time last year. A part of this appears to be due to less people now describing their situation as the same as twelve months ago, which has decreased from 35% last quarter to 33% now. Those who feel they are worse off compared to a year ago has also decreased from 46% to 43%.

Better off compared to twelve months ago

April 2024 **18%** vs **23%** July 2024

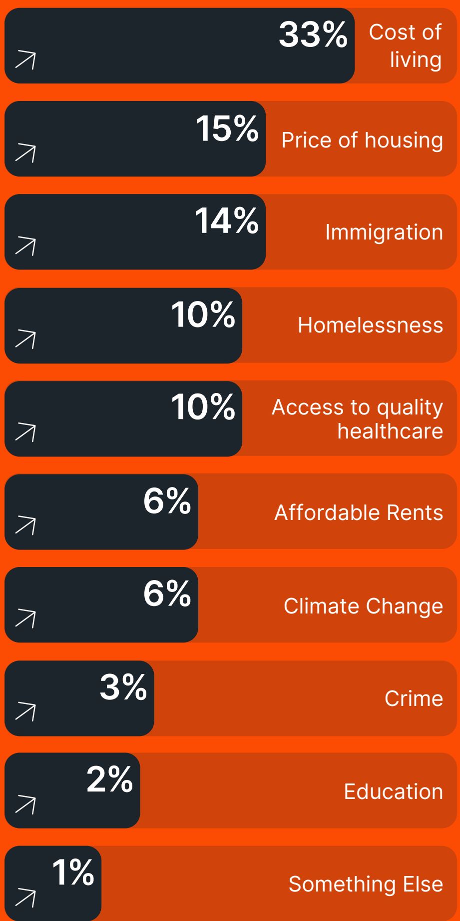
Where do we see ourselves in 12 months?

When looking ahead to this time next year, positivity is now at the highest level in two and a half years. There has been an increase in those who expect to be better off, now at 29% versus 26% three months ago.



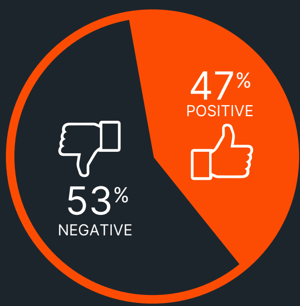
How do we feel about living in Ireland today?

Top 10 most important issues to be addressed

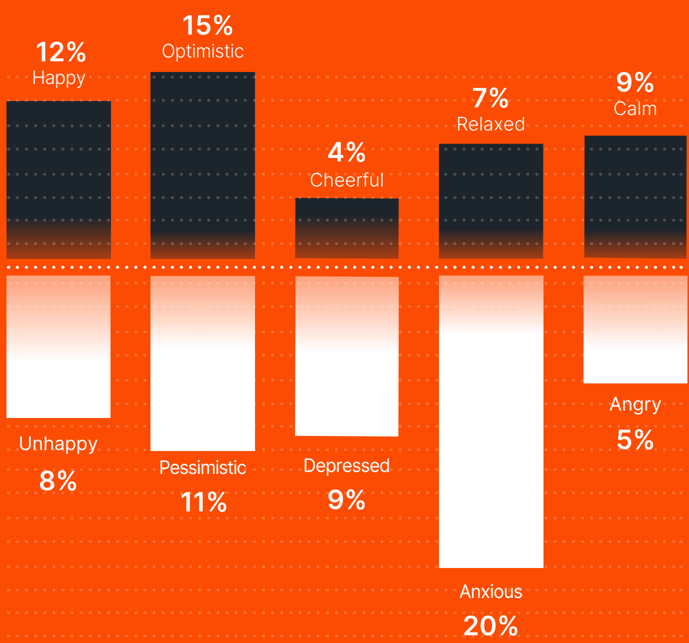


Note: 'Covid-19' and 'Biodiversity loss' were not included in our questionnaire for this report. They were replaced with 'Immigration' and 'Crime'.

How do we feel?



Nation's Emotions

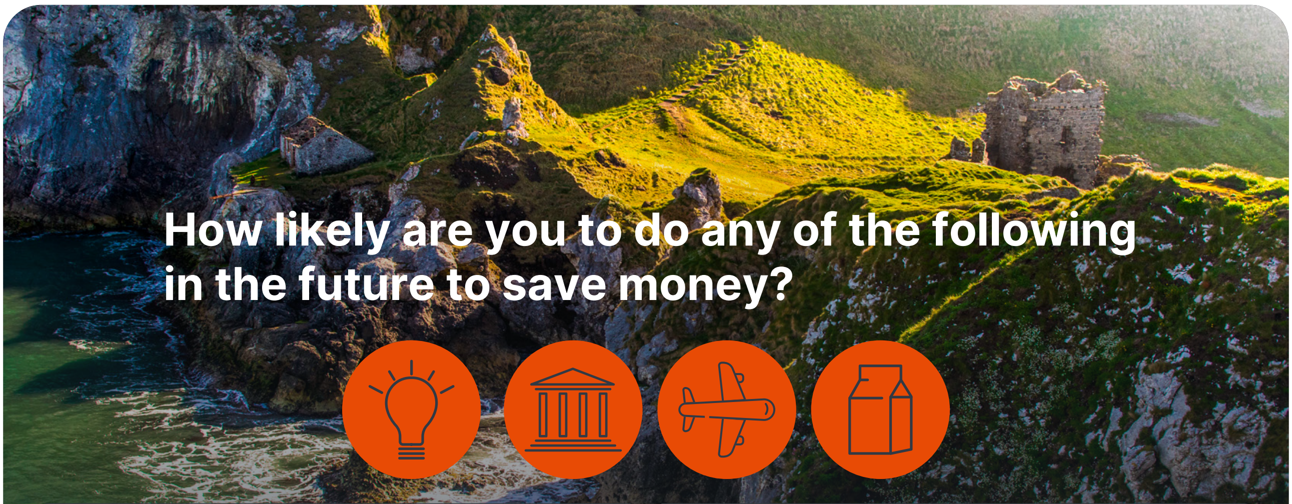


Note: Due to rounding, the total percentage may not add up to 100%

Reflecting the Nation

A regional view of how people in Ireland feel about their money and banking

Taking a look at regional differences, we get a sense of what changes people would make or what they would cut back on in order to save money. People in Dublin (24%) are most likely to change their current bank provider, while those in Munster (60%) are most likely to change utility provider (such as electricity/gas). Residents in Connaught & Ulster (67%) are willing to swap food items in shops from branded products to non-branded products. People living in the rest of Leinster (53%) are the most likely to cut back on holidays/short breaks abroad.



How likely are you to do any of the following in the future to save money?

Connacht and Ulster

Change utility provider (such as electricity/gas)	55%
Change current bank provider	19%
Go on less holidays/short breaks abroad	50%
Swap the food items in shops from Branded Products to non-branded products	67%

Dublin

Change utility provider (such as electricity/gas)	57%
Change current bank provider	24%
Go on less holidays/short breaks abroad	50%
Swap the food items in shops from Branded Products to non-branded products	61%

Rest of Leinster

Change utility provider (such as electricity/gas)	59%
Change current bank provider	20%
Go on less holidays/short breaks abroad	53%
Swap the food items in shops from Branded Products to non-branded products	64%

Munster

Change utility provider (such as electricity/gas)	60%
Change current bank provider	19%
Go on less holidays/short breaks abroad	49%
Swap the food items in shops from Branded Products to non-branded products	64%

Methodology

In the fourteenth edition of Reflecting Ireland, we take a look at how people in Ireland manage their savings.

Survey information

- An online survey was conducted of 1,000 adults in the Republic of Ireland
- Sample was nationally representative of the population based on gender, age, social class and region
- Fieldwork was carried out between the 4th and 15th July 2024.
- The margin of error for this research is +/- 3.02%

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