

Survey on Savings and on Financial Choices of Italians 2012

The Survey on Savings and Financial Choices of Italians – 2012 is a project of Centro Einaudi and Intesa Sanpaolo, edited by Giuseppe Russo and based on a survey performed by Doxa in the period January-February 2012, which entailed interviews of 1,053 heads of the household (bank and/or post office account holders)

The impact of crisis on the standard of living and on the ability to save

The Survey 2012 shows that the crisis of household budgets is not over, yet. The hardest-hit are people in their twenties, women, retailers and craftsmen. In 2012, moreover, the percentage of people declaring that their income is absolutely not sufficient in order to maintain their living standards reached its highest (12.5%, +3 percentage points compared to 2011).

The crisis also hit those who believe to have sufficient or more than sufficient income. Only 15.2% of interviewees declared they did not suffer for any consequence of the crisis. The decrease in consumption above all affected the expenditure for holidays (67.2%) and for leisure time and week-ends (68.3%). 46.2 % of the interviewees had to dip into their savings and 36.9% gave up the idea of buying a new car or postponed the purchase. 24.3% of the interviewees started to look for a new job or for an alternative source of income, while only in one out of three cases the search was successful.

Saving is a behavior deemed to be broadly useful or essential by the majority of the sample (61.5%), but the share of responders decreases by almost 10 percentage points in comparison to 2011 data (71.1%). The access to savings reaches in 2012 its historical lowest: the share of “non-savers” equals 61.3% (52.8% in 2011). Among the different clusters, the hardest-hit are people in their twenties (69.4% is the percentage of “non-savers”), followed by Southern Italy residents (67.5%) and large city dwellers (66.7%), households with a monthly income lower than 1,600 euros (77.3%). As a consequence of the decrease of savers by 8.5 percentage points, the weighted average percentage of the propensity for savings also declined, from 4.2% in 2011 to 4.1 % in 2012 (the 1994 data was as high as 7.2%).

The motivation for savings

The crisis also altered the motivations for savings. The purchase of a house motivation decreases: it was equal to 25.7% in 2004, 16.2% in 2007, 12.7% in 2011 and it further decreases to as low as 5.5% in 2012. Instead, the motivations recording the highest percentage are related to inheritances or transfers of wealth to children: 19.5% of respondents save in order to help them, to pay for their education or to leave them an inheritance. The motivation connected to retirement pension integration is confirmed to have a slow increase (12.8% in 2012 and 9.3% in 2005).

The crisis and the pension reform also cause a decrease of the balance on the expectations on sufficiency and insufficiency of income at the time of retirement, from 26% to 20.5% (question asked to non-retired

interviewees; the 2012 value results to be 37.5 points lower than its highest historical level, reached in 2002).

The reform is well understood (49.5% of the interviewees believe it is right to work longer), but 48.9% declares that it is wrong to change rules too often. 43.1% of responders expect a pension as low as 1,000 euros, or less, while only 9.6% believe that it will be higher than 1,500 euros.

Despite such awareness, the share of subscribers of a pension fund is still as low as 10.5%. The rate of subscription is higher than average among people in their twenties (13.6%), among people in their fifties (14.3%), among Northwestern regions dwellers (15.1%), among people with a monthly income of more than 2,500 euros (19.6%). Money market funds, aiming at safeguarding the invested capital, are preferred (53.2%).

The choices of investment products: difficulties and degrees of satisfaction

Nearly half of the sample (47.3%) declared that investing is now more difficult than last year: above all (25.7%) there is the difficulty to understand the risk connected to different forms of investment. Therefore, the main goal is safety (53%, compared to 34% in 1988). There follow the immediate return (16.6%, as a signal of the need for coupon redemptions and dividends in difficult years) and liquidity (15.8%). The goal of capital increase in the medium-long term is unimportant (7%), both because subordinated to prudence and conservatism, and because, in recent past, promises connected to long-term investments have not always been maintained.

21.7% of the interviewees own fixed-income securities, which confirm to be the main financial investment choice of Italians (decreasing, as the percentage was up to 24.6% in 2011). After all, the crisis of sovereign debt had its effects: the percentage of responders who believe that securities are always a safe form of investment decreased from 23.7% to 17.8%, while there is an increase up to 28.5% of those who believe them to be very risky.

The share of wealth invested in securities equals 24.2% without any significant changes across age clusters. Securities are the preferred form of investment of small savers (32.2% of the sample) and, as a whole, they satisfy most investors (73.7%).

In the last five years, the investors in shares equal 12.5% of the sample (the same share as in 2011). They consist in expert investors who personally and actively manage their exposure to risk, more numerous than average among graduates (32%), entrepreneurs and self-employed professionals (31.2%), individuals with a monthly income higher than 2,500 euros (30.8%).

Investors in funds equal 10.9% of the sample, slightly decreasing from 2011: the evolution of this sector has always been influenced by market changes and this has also happened this year. Among these investors, 18.3% are new subscribers. The two main reasons for subscribing are the following: to entrust professionals the task of investing their savings (27%) and to decrease the risk of investments (26.1%).

Ownership and purchase of houses

77.1% of the sample live in a house of their own. The share is relatively not very sensitive to income (67.6% in the case of households with a monthly income lower than 1,600 euros) and it is high also among twenty-year-olds (52.8%), probably helped by their families in the purchase.

8.9% of the sample bought an item of property in the last twelve months and in 6.4% of the cases it was the purchase of their first house. 21.7% of the interviewees, moreover, are paying a mortgage related to an item of property.

Despite the increase in taxation, the balance between satisfied and unsatisfied respondents equals +80.8% (the highest rate among different investment classes).

Consumer credit and relationships with banks

Consumer credit confirms to be an instrument chosen by a relatively small share of households: 18.5% is repaying an installment for purchases financed via such instrument, while only 2.6% have more than one installment to repay.

The propensity increases together with income level, this being a sign of sustainability. Mostly, this instrument is used to purchase a car (49%) and for house furniture and renovation (16.5%). 70% of subscribers need one year of income in order to repay the loan, at the most.

82.1% of the interviewees only use one bank, while 6.1% have at least two. In general, the relationship with the bank is characterized by fidelity.

The percentage of liquid financial assets held on checking accounts further increased in 2012, as an effect of the crisis. 15% of the sample leave all their assets on a checking account (9.1% in 2011); 12.3% leave at least half of them (9.3% in 2011).

23.6% of the interviewees use the bank also as an advisor for investments; 92.9% hold at least a debit card.

Online banking has been increasing from 26.3% (2011) to 30.7% of the sample. 9.9% of the responders declare themselves to be “very” satisfied of their bank and the vast majority states to be “rather” satisfied.