

Key Findings

1. Optimism about future economic prospects has declined this month resulting in weaker sentiment indices. This rise in economic uncertainty – boosted by political uncertainty – appears to have increased financial activity among consumers – particularly in building up savings and paying back debt.
2. Retail financial services activity is set to pick up in the coming months as some 2.5 million more consumers become financially engaged. The headline JGFR Financial Activity Index gained 2 points to 96.4 on September. A year ago it stood at 98.0.
3. Demand for savings and investment products is particularly strong with a record level of ISA activity in prospect. Cash savings continue to be the most popular asset class with a growing demand for regular savings products among young people saving to get on the property ladder.
4. Life and pension providers and advisers should also see better business volumes. 39% of the adult population intend to contribute to a regular pension plan, life insurance scheme or make lump sum life or pension contributions, up from 34% in September.
5. Investor sentiment is slightly higher although investors remain cautious despite last year's stock market gains. A positive sign is that far more high earners intend to invest in equities. Few people intend to sell shares. Many investors have preferred to invest in government and corporate bonds in the past year, although demand is slightly weaker this quarter.
6. Demand for consumer credit demand is much weaker this quarter. 10% of adults intend to borrow compared to 14% last quarter. More consumers intend to repay debt. There is some evidence of a weakening in the debt position of households in the last month with more people using credit cards and overdrafts to meet existing debts.
7. Prospects for the housing market are gloomy with demand for mortgages at a record low and fewer people intending to put down a deposit on a property to buy. The support of the Bank of Mum & Dad is much less in evidence.
8. Despite all the negative views of the role played by the major banks in the credit crunch and subsequent recession, their current market share as main financial services providers is at a survey high.
9. Lloyds TSB replaced Barclays as the leading main financial services provider this quarter with a surge in market share to a record level. Sponsoring the Olympics may be beginning to pay dividends. Both have grown apart from the other bank brands in the past year.