

## Drop Noted In Consumers' Financial Confidence

*The nation's financial confidence has dipped slightly, a new study shows.*

November 8, 2007 (FPRC) -- In Nationwide's latest Consumer Confidence Index, people's assurance in the general state of the British economy fell by one point over the course of October to stand at 98. This is the same figure as that noted in the same month in 2006, as the public's confidence recovered from the "significantly weaker sentiment" recorded earlier this year. And in spite of the latest decrease, the financial services firm reported that consumers have so far been "largely untouched" by recent economic events, such as the Northern Rock crisis and the credit crunch, which has seen a number of lenders increase the rate of interest attached to their loan products.

However the firm's spending index indicated that consumers' desire to spend money on major purchases such as a car or home - whether this is through a secured personal loan or otherwise - has continued to fall. According to Nationwide, the score fell by eight points to now stand at 77 points - the largest decrease recorded since March this year and the lowest level noted since December 2006. Overall, just 14 per cent of Britons are confident that now is a prime moment to make such a purchase. This compares to the record high of 33 per cent which was observed in November 2005. The company suggested that this dip may partially be because of lowered house price expectations, as well as prospective applicants being concerned about the availability and the cost of secured loans and other types of borrowing as a result of the effects of the recent credit crunch. Meanwhile, the company's present situation index, which tracks the public's feelings about Britain's present economic and employment situation, decreased by three points to 99.

Commenting on the figures, Fionnuala Earley, chief economist for Nationwide, said: "Consumers' confidence seems, so far, to have remained resilient in the face of the recent highly visible upset in the financial markets. While there is a continued reluctance to spend, the credit crunch has not had a sharp effect on overall consumer sentiment with consumers still very happy about the prospects in the labour market and for household finances. Looking forward, it is likely that we will see some weakening in confidence as the economy begins to slow, although some of the effect may be offset by the cuts in the base rate we expect in 2008."

Research from the financial services firm also revealed that consumers developed increasingly realistic expectations about property price growth over the course of last month. Now the public is predicting house values will increase by some 1.9 per cent over the next six months, a decrease from the 3.2 per cent recorded in September. Nationwide pointed out that such a fall was not unexpected as three-month figures have been sliding since May, in addition to data from the housing market showing a largely softening trend for the property sector.

And with the country already concerned about their finances, those who are particularly worried how they will manage their spending once the impact of the credit crunch begins to take full effect may wish to think about taking out a low-cost loan. However before making an application consumers should ensure that they will always be in a position to meet demands for payment. Earlier this year, a study conducted by MoneyExpert showed that an average of 7,700 loan repayments were missed every day during the first six months of 2007.

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