

## **Consumers Struggle To Save In Economic Storm**

*As economic stormclouds gather throughout the UK, many consumers are failing to save for the days ahead.*

August 12, 2008 (FPRC) -- Such is the claim of Nationwide after a recent survey conducted in July revealed that nearly a fifth (20 per cent) of Britons are failing to put any money aside on a regular basis. This was the same proportion recorded in June and three per cent more than was seen in May. Meanwhile, the number of people purporting to be regular savers also remained steady for the second consecutive month at 46 per cent. As such, the number of regular savers appears to have fallen by eight percentage points since April of this year.

Explaining the results, Nationwide indicated that the shrinking number of regular savers may in part be the result of changing attitudes towards borrowing arising as a result of an increasingly difficult economic environment. The firm noted that while a third (33 per cent) of consumers said they believed saving was very important in July, 49 per cent of respondents to the May study gave the same response. The group noted that as the costs of fuel, food and energy continue to weigh heavily on people's wallets, priorities in money management are shifting away from long-term savings and towards covering immediate monthly costs.

For those who have been unable to cope effectively with the recent hikes in petrol and ongoing inflation, taking out cheap loans may prove an effective way to pay off outstanding balances quickly and get finances back on track. Furthermore, any additional money leftover from such a loan could then be put aside into a high-interest savings vehicle to call upon at a later date.

Indeed, research from Nationwide has indicated that for a number of people, savings contributions are currently falling short of their ideal level, with 62 per cent of respondents indicating that they are not saving as much as they feel they ought to. Furthermore, more than a third (35 per cent) are worried that in six months' time, they may be saving even less.

When questioned on the level of public support available to savers, 46 per cent of people said they did not believe that the government encouraged a culture of saving and thrift.

Commenting on the findings, Lee Raybould, head of savings at Nationwide, said: 'Consumers seem to be feeling the effect of the current economic situation, as over a third think they are unable to save as much as they need to. Equally, with around half of people saving regularly, consumers may find if situations get tougher, they won't have any savings to help them through harder times. It's also worrying that a fifth of consumers - potentially 12 million people - never save. We are working hard to engage people about the importance of saving and look towards the government to communicate to consumers about their schemes such as the child trust fund.'

For those who are looking for a way to reorganise their finances, taking out a cheap consolidation loan may prove an effective way to pay off any mounting debts and avoid doing damage to credit ratings. Opting for this type of loan may be of interest to a growing number of consumers in the coming months after British Gas announced that the average household's energy expenditure could rise by as much as 60 per cent in the next two years.

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