

Consumers Struggling To Meet Saving Commitments

Many homeowners are finding saving money in the current financial climate increasingly difficult, figures from Nationwide suggest.

September 9, 2008 (FPRC) -- According to a recent survey carried out by the financial services provider in August, three in five people (60 per cent) feel they are currently unable to put away as much as they need to on a monthly basis, while a downward trend was also identified in the number of people who believe saving is important. Of those questioned, 31 per cent said they felt that saving was very important, compared to 90 per cent in April. It is the fifth consecutive month that this proportion has fallen, with 33 per cent valuing saving as important in July.

For those who have been unable to put money aside in recent months because of constraints on household budgets such as credit cards, repayments on loans or mortgages, taking out one of the many debt consolidation loans available may prove an attractive way to lower monthly outgoings. In doing so, people may find they are able to put spare cash into a high-interest savings vehicle to call upon in the future.

Doing so may be of particular interest to the 34 per cent of respondents to the Nationwide study who feel that they are likely to be saving less than they currently do in six months' time. However, there was a slight increase in the number of people who are more optimistic about their ability to put pennies aside when compared to July's results. While 46 per cent felt they will be saving enough within the next half-year in the earlier poll, by August this proportion had risen to 48 per cent.

However, Nationwide warned that with inflation likely to continue to put pressure on household spending, large numbers of people may find it more difficult to save in the coming months. Food and heating costs were likely to have a particularly constrictive effect.

Matthew Carter, director of savings at Nationwide, commented: 'The industry and the government need to work together to promote saving initiatives such as child trust funds and the benefits of regular saving, as these have the potential to make a real difference to household wealth. It's a pity that many consumers seem to be feeling the effect of the current economic situation. The reality is that almost two-thirds think they are unable to save as much as they need to. However, it is encouraging that almost half of consumers think they will be saving what they need to in six months' time.'

He added that recent reductions in mortgage rates may be in part responsible for this lightened mood, although he was quick to point out that there are still large numbers of people who hold little optimism for their prospects for saving in the coming months.

Consumers who are keen to put money away may be interested in recent advice from Alliance & Leicester, which warned against the use of storecards during summer spending sprees. Many of the products were found to have average interest rates of 26 per cent. As such, a personal loan may be a more cost-effective option for those planning major purchases.

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