
Brexit still having little impact on saving patterns

'88% of people say Brexit is not affecting their saving decisions'

- Brexit having more effect on saving in border areas & Dublin
- April investment patterns weaken despite continued stock market rally
- Saving sentiment stays solid, 50% of people saving regularly in April

The Bank of Ireland/ESRI Savings and Investment Index for April indicates that Brexit is having more of an impact on saving behaviour in border areas and in Dublin, but is still not a strong driver of behaviour overall.

The Savings and Investment Index, which measures sentiment towards saving and investment, fell in April from March due to weaker investment sentiment.

Brexit effect

Close to the border Brexit has had more of an impact on saving behaviour – **6%** of Border Midwest savers said that they were saving more as a result of Brexit in April, compared with **3.6%** one year ago. **3.7%** of Dublin savers said they were saving more directly as a result of Brexit compared with **1.1%** a year earlier.

88% of people answered that Brexit had not affected their saving, down from **92%** the previous year. So although savers answered that Brexit is more of a consideration for them in 2019, it is clear that it is still not a strong driver of overall savings behaviour.

Tom McCabe, Bank of Ireland Investment Markets commented: *"The most surprising finding in this month's saving data is that Brexit continues to have very little impact on national saving patterns despite the ongoing uncertainty around what it could mean for the Irish economy. This suggests that savers are very much still basing their decisions on 'here and now' and not on what Brexit related challenges might be around the corner. With the Irish economy still growing strongly, this should mean saving sentiment remains positive over the next few months."*

Overall Savings and Investment Index

The overall index slipped back to **100** in April compared with **102** in March. The chief reason for the fall was weaker investment sentiment as the investment component of the index backtracked to **97** in April from **101** the month before. In contrast, saving sentiment remained very solid and was unchanged at **103** in the month.

Investment

The fall in investor sentiment was driven mainly by weaker investment attitudes (whether people invest and how much) which fell from **109** to **102**, their lowest level since December. The

percentage of people who invest regularly dropped to **34%** from the all-time high of **37%** reached in March. The percentage of people that said they weren't investing as much as they'd like rose from **35%** to **38%** in April.

Sentiment towards the investment outlook (whether it is a good time to invest) also weakened marginally from **94** to **92** despite another positive month for market performances with world stock markets up **3.6%** for Irish investors bringing the year to date gain to over **18%**.

Generally there was little change in how people felt about the outlook for investment markets presently. The percentage of people that felt it was a good time to invest (**27%**) dropped, as did the percentage that felt it was a bad time to invest (**26%**). Looking out six months, people were slightly less optimistic about the market outlook – **29%** felt it would be a good time to invest in six months' time (down from **31%** in March) with **21%** feeling it would be a bad time (up from **19%** in March).

Tom McCabe, Bank of Ireland Investment Markets said: *"It was disappointing to see investor sentiment sag in April, particularly with investment markets strengthening again. However, much of this was down to attitudes towards investment pulling back following a strong run in the past couple of months. The performance of investment markets still appears key to a longer lasting recovery in investment sentiment. Assuming markets can continue to stabilise from their traumatic end to 2018, then we believe investor sentiment will ultimately follow suit."*

Savings

The monthly Savings Index was unchanged at **103** in April. Saving patterns remained very strong with **50%** of people saving regularly in April, up marginally compared to March. However a drop in satisfaction levels around how much people are saving each month offset this, dragging the Savings Attitudes Index down from **106** to **104**. Confidence in the outlook for savings inched higher in April with the Savings Environment Index moving from **101** to **102**. **43%** of people felt it was a good time to save in April but the numbers that felt it was a bad time to save (**25%**) felt to their lowest since January 2018.

Additional €10k

The April results from the risk barometer question echoed the trends we saw in the broader savings and investment index. In other words, people were slightly more likely to save a once-off windfall of €10,000 and less likely to invest it. The percentage saying they would choose to save the windfall rose to **62%** compared with **60%** in February while the percentage saying they would invest it dipped slightly to **38%**. Sentiment towards all of the various types of investments slipped slightly in the month with the exception of government bonds.

ENDS

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Table 1 - Investment and Savings Index and sub-indexes, monthly (Base=October 2017)

Month	Savings and Investment Index	Savings Index			Investment Index		
		Overall	Attitudes	Environment	Overall	Attitudes	Environment
May-17		94.8	95.9	93.7			
Jun-17		90.4	91.7	89.2			
Jul-17		95.1	96.9	93.3			
Aug-17		89.9	94.3	85.5			
Sep-17		98.0	102.7	93.4			
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	103.4	104.2	107.7	100.8	102.5	106.1	98.9
Dec-17	101.9	102.7	107.7	97.6	101.2	104.2	98.2
Jan-18	101.6	103.3	101.5	105.1	100.0	95.2	104.8
Feb-18	102.0	102.5	103.4	101.6	101.4	104.4	98.3
Mar-18	97.6	98.5	98.7	98.4	96.6	94.2	99.1
Apr-18	101.5	102.9	106.2	99.6	100.1	98.0	102.2
May-18	101.0	103.9	107.3	100.5	98.1	97.7	98.5
Jun-18	100.4	98.9	103.3	94.4	101.8	102.5	101.1
Jul-18	99.5	101.7	103.3	100.1	97.3	97.0	97.6
Aug-18	105.5	105.4	112.0	98.7	105.7	110.2	101.2
Sep-18	102.6	101.8	104.3	99.2	103.4	101.2	105.7
Oct-18	99.4	99.9	102.3	97.6	98.8	102.0	95.6
Nov-18	100.1	100.0	99.2	100.8	100.3	101.8	98.7
Dec-18	99.4	103.0	103.9	102.1	95.7	99.2	92.2
Jan-19	99.4	101.6	104.8	98.3	97.2	104.7	89.7
Feb-19	101.8	106.5	110.3	102.8	97.1	109.5	84.8
Mar-19	102.3	103.4	106.0	100.8	101.1	108.6	93.6
Apr-19	100.2	103.2	104.4	102.1	97.1	102.5	91.8

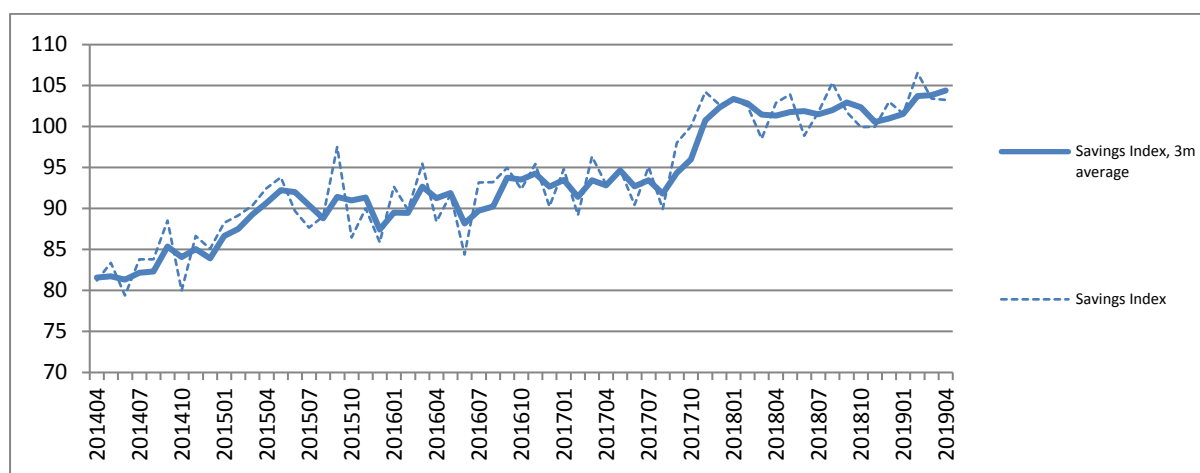
The Savings and Investment Index

- The overall Bank of Ireland/ESRI Savings and Investment Index aims to capture the sentiment of Irish households towards their ability to save and invest as well as the broader savings and investment environment. The Index combines two sub-indices on savings and investment to provide a broad understanding of household's views on their financial decision making.
- The monthly Savings and Investment Index decreased to 100.2 points in April from 102.3 points in March primarily due to a fall in the in the Investment Index over this period. While the Savings Index remained relatively stable at 103.2 points, the Investment Index decreased by 4 points to 97.1.
- Attitudes towards investing fell significantly over this time period with a large decrease in the amount of people who were actively investing. The investing environment index also fell over this period due to increased pessimism about the investing environment in 6 months' time. The investing environment index has remained low in 2019 despite stock markets rallying strongly through the start of the year. It is likely that the new extended deadline for Brexit has only served to prolong uncertainty for the Irish public and made them wary about the prospect of investing over the next 6 months.

The Savings Index

- The two sub-indices that compose the Savings Index are the Savings Attitudes and the Savings Environment. In April 2019 the Savings Index decreased slightly by 0.2 index points to 103.2. While there was a slight improvement in perceptions towards the savings environment there was also a slight fall in attitudes towards saving. This was primarily due to of a decrease in the level of satisfaction with the amount individuals were saving.
- The overall Savings Index is presented in Figure 1. As the Index continues the old ESRI/Nationwide UK monitor, it is possible to track its evolution from early 2014. The chart presents the level of the Index as well as a three month moving average to provide more insight into the trend.

Figure 1 - Savings Index



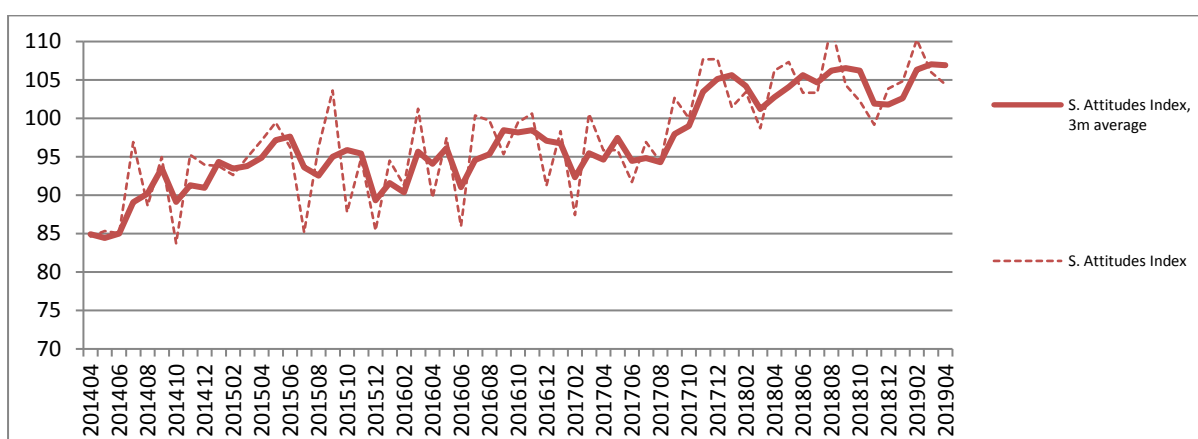
- The Savings Attitudes Index fell by 1.6 points in April down to 104.4 index points. This was primarily due to a decrease in respondents' satisfaction with the amount they were saving. However, there was also a slight increase in how regularly people were saving over this period.
- The Savings Environment Index rose by 1.3 index points to 102.1 in April, as views towards whether it was a good time to save today improved.

Table 2 - Savings Index and components, monthly

Month	Savings Index						
	Overall	Sav. Attitudes Index			Sav. Environment Index		
		Sav. A. Index	Do You Save	Savings Amount	Sav. E. Index	Good Time Save Now	Good Time Save 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	104.2	107.7	105.6	109.8	100.8	98.8	102.8
Dec-17	102.7	107.7	105.8	109.7	97.6	97.7	97.5
Jan-18	103.3	101.5	104.3	98.7	105.1	106.3	103.8
Feb-18	102.5	103.4	101.4	105.5	101.6	102.4	100.8

Mar-18	98.5	98.7	98.8	98.6	98.4	97.0	99.8
Apr-18	102.9	106.2	107.9	104.5	99.6	98.1	101.1
May-18	103.9	107.3	103.9	110.8	100.5	100.3	100.7
Jun-18	98.9	103.3	101.0	105.6	94.4	94.3	94.6
Jul-18	101.7	103.3	103.9	102.8	100.1	98.4	101.8
Aug-18	105.4	112.0	104.0	120.0	98.7	99.1	98.3
Sep-18	101.8	104.3	102.8	105.9	99.2	99.2	99.2
Oct-18	99.9	102.3	99.8	104.7	97.6	96.8	98.4
Nov-18	100.0	99.2	98.3	100.1	100.8	99.8	101.8
Dec-18	103.0	103.9	103.5	104.3	102.1	104.3	100.0
Jan-19	101.6	104.8	107.2	102.5	98.3	98.6	98.0
Feb-19	106.5	110.3	108.0	112.5	102.8	102.9	102.8
Mar-19	103.4	106.0	102.5	109.5	100.8	100.4	101.2
Apr-19	103.2	104.4	104.4	104.4	102.1	103.8	100.3

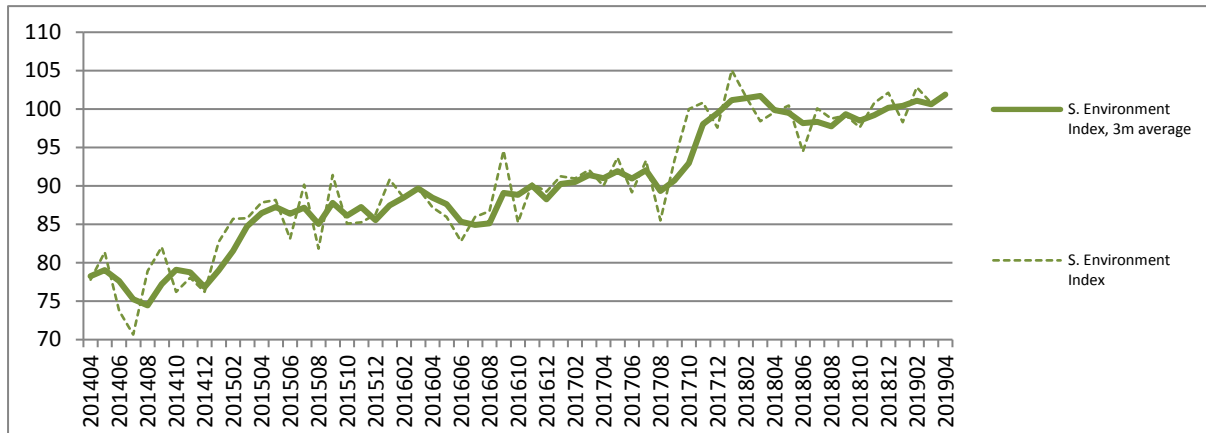
Figure 2 - Savings Attitudes Sub-Index



- The Savings Attitude Index is built on two questions which ask respondents about their saving behaviour and how they feel about the amount they save.
- The proportion of savers increased slightly in April with 71.3 per cent of respondents indicating they saved at least occasionally in comparison to 69.7 per cent the previous month. 49.8 per cent of people indicated they saved regularly while 28.7 per cent said they did not save at all.
- While there was an increase in saving participation in both Dublin and the Rest of Ireland region of 10.6 and 1.1 per cent respectively, there was a fall of 7.4 per cent in the amount of people saving in the BMW region.
- There was an increase in the number of people under the age of 50 who were saving, up by 3.9 per cent from the previous month. The number of people over the age of 50 who were saving fell slightly by 1.7 per cent.
- The main reason for the fall in the Savings Attitude Index in April was the 5.1 point decrease in the Savings Amount sub-index. This was primarily due to a 16.6 per cent decrease in the amount of people from the BMW region who felt they weren't saving the right amount. In terms of age, there was a similar decrease in the proportion of people who felt they were

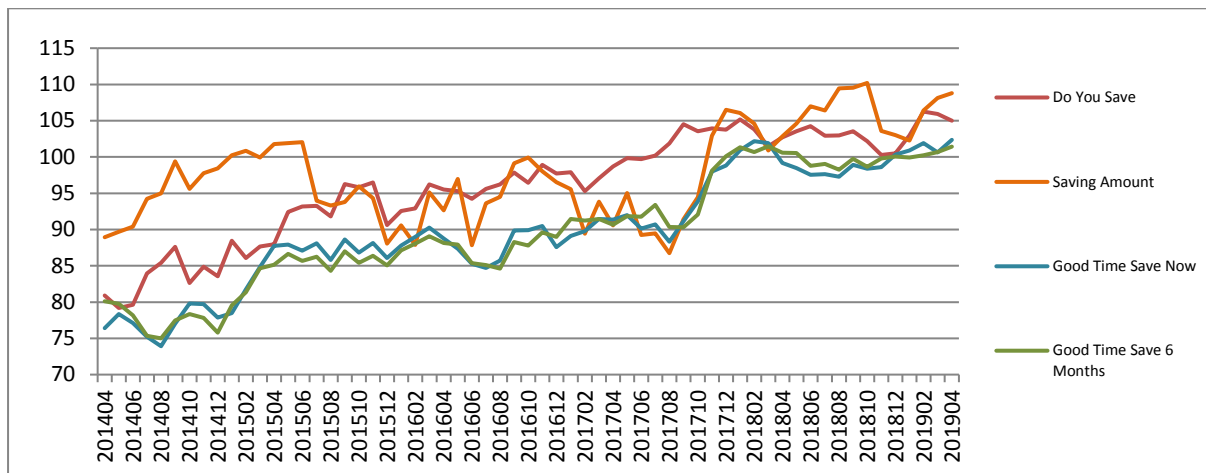
saving the right amount among both the under and over 50 age groups, down by about 3 per cent.

Figure 3 - Savings Environment Sub- Index



- The Savings Environment Index is built on two questions which ask whether or not respondents believe that the current period is a good time to save and whether or not they believe that in 6 months' time it will be a good time to save.
- The 'Good Time to Save Now' sub-index increased by 3.4 index points to 103.8, while the 'Good Time to Save in 6months' sub-index decreased by 0.9 points to 100.3.
- People from Dublin showed the biggest increase in positive sentiment towards saving today, up by 9.5 per cent. In the BMW region on the other hand there was a fall of 9.6 percent in the number of people who felt it was a good time to save today. Similar patterns were seen for sentiment towards saving in the future with an increase of 8.2 per cent among those from Dublin who thought it would be a good time to save in 6 months' time, while among those from the BMW region there was a fall of 9.5 per cent in those who felt it would be a good time to save in 6 months.
- In terms of age, optimism towards the savings environment increased most among those over the age of 50. Of those in the older cohort there was an increase of 7.1 per cent in those who thought it was good time to save today and an increase of 5.9 per cent in those who thought it was would be a good time to save in 6 months' time. Conversely, there was a 3.7 per cent decrease in the proportion of people under the age of 50 who felt it was currently a good time to save today and a 2.5 per cent decrease in those who felt it would be a good time to save in 6 months' time.

Figure 4 - Savings Questions Indexed (3 Month Rolling Average)



Investment Index

- The Investment Index measures how consumers feel about their ability to invest and monitors their investment patterns.
- The monthly Investment Index declined by 4 index points between March and April to 97.1. This was due to a fall in both the Investment Attitudes Index and the Investment Environment Index. The Investment Attitudes index fell by 6.1 index points to 102.5, while the Investment Environment Index fell by 1.8 points to 91.8.

Table 3 - Investment Index and components, monthly

Month	Investment Index						
	Overall	Inv. Attitudes Index			Inv. Environment Index		
		Inv. A. Index	Do You Invest	Investment Amount	Inv. E. Index	Good Time Invest Now	Good Time Invest 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	102.5	106.1	103.1	109.2	98.9	96.4	101.3
Dec-17	101.2	104.2	105.8	102.7	98.2	97.4	99.0
Jan-18	100.0	95.2	95.9	94.5	104.8	104.6	104.9
Feb-18	101.4	104.4	112.6	96.2	98.3	96.1	100.5
Mar-18	96.6	94.2	90.7	97.7	99.1	99.2	99.0
Apr-18	100.1	98.0	101.6	94.3	102.2	100.7	103.6
May-18	98.1	97.7	97.5	98.0	98.5	95.5	101.5
Jun-18	101.8	102.5	101.2	103.9	101.1	97.2	105.0
Jul-18	97.3	97.0	101.3	92.8	97.6	95.1	100.2
Aug-18	105.7	110.2	100.4	120.0	101.2	99.0	103.3
Sep-18	103.4	101.2	98.0	104.3	105.7	104.1	107.2
Oct-18	98.8	102.0	98.0	106.1	95.6	95.1	96.1
Nov-18	100.3	101.8	107.4	96.1	98.7	98.0	99.4
Dec-18	95.7	99.2	102.9	95.6	92.2	90.1	94.4
Jan-19	97.2	104.7	103.7	105.8	89.7	86.5	92.9
Feb-19	97.1	109.5	116.4	102.5	84.8	83.9	85.7
Mar-19	101.1	108.6	115.9	101.3	93.6	90.3	97.0
Apr-19	97.1	102.5	107.0	97.9	91.8	90.3	93.3

- The Investment Attitude index asks respondents about their investment behaviour and how they feel about the amount they invest.
- Investment participation fell substantially on the previous month, down by 8.9 points to 107.0. The proportion of people who were investing at least occasionally fell by 3.3 per cent over this period, while the proportion of people who were investing regularly fell by 2.8 per cent. This fall in investment participation was driven by a fall in investing in both the BMW and Rest of Ireland regions of 4.6 and 5.2 per cent respectively. Among those under the age of 50 there was a fall of 5 per cent in the amount of people who were investing.
- Looking at the investment amount sub-index, there was a slight fall in satisfaction amongst investors in the amount they were investing with the index falling to 97.9 from 101.3 the previous month. There was a fall in the level of satisfaction with the amount being invested amongst those from the Rest of Ireland region (down 5.2 per cent) and those from the BMW region (down 3.4 per cent). In Dublin there was an increase of 3.2 per cent in those who felt they were investing the right amount.
- Satisfaction with the amount being invested decreased by 4.5 per cent among those under the age of 50. Satisfaction with the amount being invested among those over the age of 50 was about the same as the previous period.
- The investment environment index asks respondents about whether they feel it is a good time to invest now and in 6 months' time.
- Views towards investing in 6 months' time fell on the previous period with the index for whether it would be a good time to invest in 6 months' time down by 3.7 points to 93.3. Views towards investing today remained stable over the period at 90.3 index points. Given that the new deadline for Brexit has been moved back to October and the final outcome remains largely uncertain it is unsurprising that Irish investors are cautious about investing in the near future.
- There was a fall of 3.5 per cent in the number of people under the age of 50 who felt that it was currently a good time to invest while there was a fall of 2.2 per cent in the number of people over the age of 50 who felt it was currently a good time to invest. Increased pessimism towards investing in 6 months' time was similar across both age groups. Among both the younger and older cohort there was a fall of 2.0 per cent in the number of people who felt it would be a good time to invest in 6 months' time.
- Views towards investing deteriorated most significantly in the BMW region where there was a 5.7 per cent fall both in the number of people who thought it was a good time to invest today and in 6 months' time. Investors in Dublin were also more pessimistic about the environment for investing today and in 6 months' time, while there was a slight improvement in the outlook for investing in 6 months in the Rest of Ireland region.

Risk Barometer

- The risk barometer asks households if they would save and/or invest if they were given €10,000 tomorrow. 62.2 per cent of those surveyed said they would save at least part of the windfall while 37.8 per cent said they would not save but they would invest.
- The willingness of households to take risk has fallen on the previous period with fewer household saying they would invest the windfall and more households saying they would save. The proportion of households choosing to invest at least part of the €10,000 decreased by 6.3 per cent while the proportion of households choosing to save increased by 2.4 per cent.
- Reflecting the decreased willingness among respondents to take on more risk there was fall in those who said they would invest in equities, while interest in investing in government bonds, which are generally considered less risky assets, was up on the previous period.
- The fall in the appetite for risk was most strongly embodied among those from Dublin followed by those from the Rest of Ireland region. However, among those from the BMW region the appetite for risk actually increased over the period. Willingness to take risk fell both among those under and over the age of 50.

Chart 1 – Risk Barometer Question

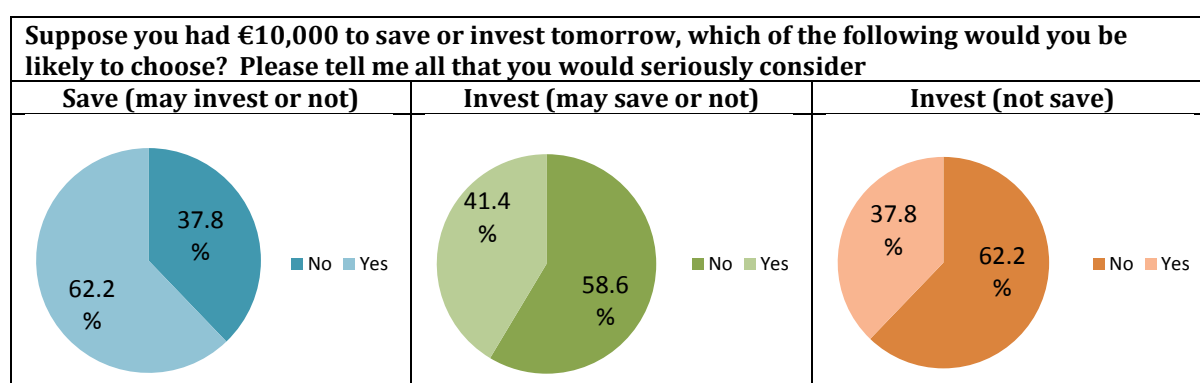


Table 4 – Risk Barometer, bi-monthly

Month	Risk Barometer (Bi-monthly)					
	Save (may invest or not)		Invest (may save or not)		Invest (not save)	
	No	Yes	No	Yes	No	Yes
Oct-17	30.8%	69.2%	58.7%	41.3%	69.2%	30.8%
Dec-17	37.6%	62.4%	52.8%	47.2%	62.6%	37.4%
Feb-18	24.5%	75.5%	66.4%	33.6%	75.5%	24.5%
Apr-18	35.8%	64.2%	52.8%	47.2%	64.2%	35.8%
Jun-18	38.1%	61.9%	51.5%	48.5%	62.0%	38.0%
Aug-18	33.5%	66.5%	57.9%	42.1%	66.5%	33.5%
Oct-18	32.6%	67.4%	58.9%	41.1%	67.4%	32.6%
Dec-18	36.4%	63.6%	56.4%	43.6%	63.6%	36.4%
Feb-19	40.2%	59.8%	52.3%	47.7%	59.8%	40.2%
Apr-19	37.8%	62.2%	58.6%	41.4%	62.2%	37.8%

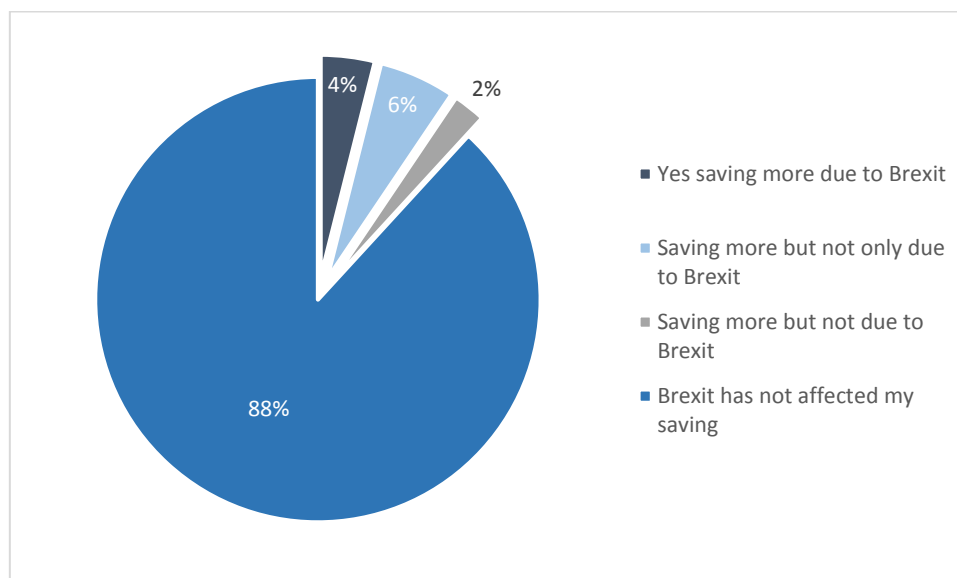
Special Topic: The effect of Brexit uncertainty on savings

- As Ireland's closest neighbour and one of its biggest trading partners, the United Kingdom leaving the European Union is likely to have a major impact on the Irish economy. Due to irresolution around both the post departure relationship between the UK and the EU and the timing of that departure, the Irish public are facing increasing levels of uncertainty.
- To attempt to understand if Irish consumers are preparing for Brexit by putting some money aside, Bank of Ireland and the ESRI undertook a bespoke survey module of our regular Savings and Investment Index to learn more. Respondents were asked the following question, the results of which are presented in chart 2:

Has the uncertainty around Brexit affected how much you save?

- Yes, I am saving more and Brexit is the biggest factor affecting this decision.
- Yes, I am saving somewhat more but Brexit is only one factor affecting my decision.
- I am saving more but Brexit is not really a factor.
- Brexit has not affected my savings.

Chart 2 – Impact of Brexit on savings



- In general the impact of Brexit on peoples saving decisions has been quite minimal. While 10 per cent of respondents indicated that Brexit played at least some part in their decision to save more, 88 per cent of respondents indicated that Brexit has not affected their decision about whether to save. 4 per cent of respondents stated that the primary reason they decided to save more was due to Brexit.
- Considerable variation was observed at a regional level with 14 per cent of respondents from the BMW region stating that Brexit played at least some part in their decision to save

more. This compares to 9 per cent in Dublin and 7 per cent in the Rest of Ireland. Given that people from the border area are likely to be most impacted by the negative consequences of Brexit it is unsurprising that they are deciding to save more because of Brexit.

- In terms of age, those under the age of 50 were more likely to increase their savings due to Brexit with 13 per cent saying they had done so. This compares to just 5 per cent of those over the age of 50 who increased their saving due to Brexit.

About the Index: The Bank of Ireland/ESRI Savings and Investment Index tracks household views on attitudes towards savings and investment as well as understanding their perspectives on the current and future savings and investment environment. Understanding savings behaviour provides insight into how households smooth consumption, plan to make big purchases and build up buffers which can be drawn down in times of economic stress. Monitoring household investment patterns gives an understanding of how they are putting their money to work, their financial diversification, and their appetite for risk. The Bank of Ireland/ESRI Savings and Investment Index also provides a risk barometer and a retirement optimism index to give insight into household risk taking and the retirement planning. These will be presented on alternate months. For October, only the Savings Items will be published until a sufficient dataset is developed on investment.

The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.

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