

News Release:

20 April 2009

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SAVERS FAVOUR MUTUALS AS INTEREST RATE CHASING ENDS

Four fifths of Brits no longer believe that banks are the safest places to invest their cash, with older and wealthier investors in particular feeling more secure with the prospect of entrusting a mutual organisation to look after their money, according to new independent research commissioned by the Foresters Friendly Society.

The survey, conducted by YouGov, also reveals that just 20 per cent of respondents said they believed that banks remained the safest places to invest money. Those aged 55 and over retain the least faith, with less than one in six (14 per cent) citing banks as their preferred choice. People living in the West Midlands (15 per cent) were, meanwhile, less likely than any other region to make a bank their first choice.

In comparison, nearly a third (31 per cent) of UK adults stated they would feel safest investing with a mutual. Men (37 per cent), those aged 55 and over (36 per cent) and wealthier ABC1 social grade individuals (36 per cent), including managerial, professional and clerical workers, were the most likely to express this view.

Banks do, however, remain the most trusted institution among the young, with 37 per cent of those aged 18-24 ranking them safest, compared with 20 per cent approval for mutuals in this group.

Neil Armitage of the Foresters Friendly Society said: "People are embracing the prospect of a return to mutuality and want to put their money with institutions which are proven to manage their assets in a responsible manner. Investors want to focus on ensuring strong long-term returns and not the gimmicky loss-leading products which have contributed to the downfall of the banks.

"It's also clear that older, savvier and wealthier investors are leading the charge back to mutuality and perhaps now is the time for the younger generation to take a lead from their elders and seriously reappraise their view of a breed of financial institution the benefits of which have been all too often forgotten during their lifetimes to date."

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The survey also shows that promises of fixed interest rates and short notice access to savings now rank far behind the assurance of knowing that the money deposited with a financial institution isn't at risk and won't decline in value.

Just a fifth (20 per cent) of UK adults currently believe that securing the best possible fixed rate of interest should be the clinching factor when choosing a saving account, with women (17 per cent) and people living in the North of England (18 per cent) among the least likely to express this view. Meanwhile, only 15 per cent of all respondents said that being able to get hold of their money at less than 30 days notice would crucially influence their decision.

These figures compare to the comfort provided by the knowledge that money deposited in an account is not at any risk, cited by 50 per cent of respondents, including 54 per cent of women, as being the main factor.

Neil Armitage added: "The sun has now set on the days of interest rate chasing with security and steady growth now top of the shopping list when choosing where to save cash. Those who are fortunate enough to be able to set aside money for the future are clearly taking the long term view and are no longer being drawn in by attractive sounding headline rates which are then often withdrawn at short notice.

"Savers want straightforward financial solutions at a fair price and have clearly run out of patience with those financial institutions that have perhaps been guilty of pulling the wool over their eyes with short term enticements."

The research findings also reveal that:

- Financial institutions in general still have much work to do to improve their relationships with consumers. Ninety per cent of respondents said companies of all kinds should do more, with those aged between 45 and 54, as well as those aged over 55 (94 per cent), being among the most likely to demand action.
- Just 15 per cent of UK adults expect that during the next three years they will invest any of the cash they have set aside for long-term financial objectives in an investment fund balanced towards equities and focused on short-term profit. Men (21 per cent) were, however, more than twice as likely as women (10 per cent) to be willing to consider this option.

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Notes to Editors

- The poll canvassed the views of 2,436 adults across the UK. Fieldwork was carried out by YouGov on behalf of Foresters Friendly Society between 13 and 16 March 2009.
- Neil Armitage of the Foresters Friendly Society is available upon request for media interviews.
- Further regional breakdowns of the research are available upon request.

About Foresters Friendly Society:

The Foresters Friendly Society was founded in 1834 and offers a range of financial saving, investment, insurance and protection products, as well as educational grants and healthcare support for its members. All financial products come with the accompanying benefits of membership of the Society at no additional cost. There is no obligation to purchase a financial product in order to become a member. The Society currently includes over 70,000 members across 250 UK branches.

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