

News Release:

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WORST OF THE FINANCIAL CRISIS YET TO COME SAY BRITISH PUBLIC

Unemployment ranks ahead of energy prices as major hardship trigger

Appetite for saving greatest in London as job fears heightening

Following the news that the UK economy remained in recession between July and September 2009, new independent research commissioned by Foresters Friendly Society reveals today that less than a third of UK adults (28%) believe the worst of the financial crisis has now passed.

The survey of over 2,000 people conducted by YouGov revealed that just 28 per cent of respondents agreed or strongly agreed with the suggestion that the worst of the crisis is now over. Fears that more bad news is in the offing were most widespread among those aged 55 and over. More than half (51 per cent) of participants in this age group disagreed or strongly disagreed with the suggestion that the greatest impact of the crisis has now been felt. This compared with 21 per cent and 31 per cent of those aged between 18-24 and 25-34 respectively.

Those in Wales and Scotland are among the most pessimistic when it comes to taking the gloomiest view, with nearly half (44 per cent) disagreeing or strongly disagreeing with the researchers' suggestion. In Wales, only a fifth (20 per cent) of those participating in the survey agreed or strongly agreed that the worst of the troubles are now over, the lowest percentage in the UK.

These fears are backed up by further findings of the survey that despite government moves to stabilise the financial system, nearly nine out of ten people (87 per cent) are either more than or as concerned about the prospect of falling into financial difficulty as they were a year ago.

Concerns about facing financial difficulty are particularly acute among those aged 55 and over (90 per cent) and those living in the North of England (also 90 per cent). Nationally, just over one in ten (11 per cent) of those questioned claimed to be less concerned about the prospect of hitting upon hard times than there were twelve months ago.

Among those feeling more concerned about the prospect of facing a severe financial headache, worries about the high cost of gas and electricity (35 per cent) were the most common, followed by the threat of unemployment (29 per cent).

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These findings contrast with the findings of a similar survey commissioned by Foresters Friendly Society and also undertaken by YouGov, in September 2008, the results of which saw unemployment picked out by just 13 per cent of respondents as their single major concern. In the latest report, Londoners (45 per cent) were also most likely to point to job losses as the single factor influencing their thinking, followed by those living in East Anglia (30 per cent).

The September 2008 report also revealed higher levels of concern relating to gas and electricity prices (highlighted at that time by 52 per cent of respondents) and also food prices, picked out by 18 per cent of respondents, compared with just 10 per cent in the latest report.

Against this background of continued uncertainty, the latest report also finds that more than a third of UK adults (35 per cent) expect to consciously save or invest more money during the next six months. Young adults aged 18-24 (57 per cent) are most likely to say this, compared with 28 per cent in the 45-54 age group and 26 per cent of those aged 55 and over.

The appetite to save or invest also emerges as being strongest in the South of England and in London, with 38 per cent of adults in both regions either strongly agreeing or agreeing with the suggestion that they will purposefully elect to set aside money for these purposes between now and April 2010.

Neil Armitage, Marketing Director, Foresters Friendly Society, said: "After so many years of credit-fuelled and unsustainable spending, it's genuinely encouraging to see people wanting to get back into the habit of saving and investing as a means of financing their future plans. Even when the purse strings are tight, putting aside just a little money each month now could make a big difference in years to come.

"It's concerning however to see that fears of falling upon hard times triggered by an event such as redundancy still seem to be among the leading triggers for saving money. Whatever the experts might say about the prospect of a return to economic growth during 2010, the British public remains unconvinced that a return to the good times lies just around the corner.

"The balance between desire to save and that to spend needs to be carefully managed at this point in the economic cycle. A general reluctance among consumers to spend during the run-up to Christmas could in itself spark a wave of company insolvencies and accompanying redundancies which will damage confidence still further."

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The research findings also reveal that:

- Nearly four fifths (78 per cent) of UK adults currently rank spending on everyday goods and services such as food, clothing and mortgage bills among their top two current financial priorities. Just 14 per cent of those surveyed pointed to spending on immediate luxuries such as weekend breaks and eating in restaurants as a priority on this basis.
- Despite the ongoing government effort to restore faith in the UK banking system, just over one in four (26 per cent) of adults disagree or strongly disagree with the suggestion that keeping savings in a big bank is as safe now as it was one year ago. People living in the North of England (30 per cent) are the most likely to take this view.

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Notes to Editors

- Neil Armitage of Foresters Friendly Society is available upon request for media interviews.
- Further regional breakdowns of the research are available upon request.
- This survey was carried out online by YouGov plc, among 2,032 GB adults aged 18+. Data is weighted to be representative of the GB population. Fieldwork ran from 12-14 October 2009

About Foresters Friendly Society:

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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