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Money matters: global Synovate survey on money and finance

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Global market intelligence firm, Synovate, has released data from its global money and finance survey, revealing more than half all respondents across 16 markets have permanently changed their attitudes to saving as a result of the credit crunch, 22% have written or revised budgets in the past six months and six percent have even delayed having a baby.

Synovate surveyed around 11,400 from 16 markets across the world to find out what they had changed about their money management style and attitudes in the year since the global financial crisis hit.

Change, change, change

The survey showed that the way people around the world transact and bank has changed quickly and in some fairly dramatic ways over the past twelve months.

Around one in four respondents (26%) are using more cash now, yet 27% are using less. Half of all **South Africans** are using more cash which Alicia Gaddin, sector head of financial services for Synovate in South Africa attributed to control. “Using cash is a better way to curb spending. You watch it leave your wallet. Many South Africans are closing credit accounts and saving in order to make purchases.”

Credit cards are similarly both more and less popular depending on market, with an overall 14% using them more than they did a year ago and 18% using them less. Brazil is leading the credit charge with 29% using them more, followed by 28% in France and 26% in Denmark.

If not revolution, certainly evolution

Much of the news about the global financial crisis has been about big structural changes at big financial institutions. But what are the ‘little guys' changing? Here are some fast facts on quick consumer changes:

- An overall 6% of respondents across 16 markets say they have changed their bank in the past six months. This was led by 15% in South Africa, 11% in Spain and 10% in New Zealand.
- Seven percent have taken money out of the stock market or sold shares, topped by 17% in Taiwan, 14% in Hong Kong and 13% in Spain.
- Similarly, 7% have switched to safer investments, led by 13% in Taiwan and 12% in each of Spain and South Africa.
- One in twenty respondents has taken money out of retirement accounts, topped by 24% in Denmark.
- An overall 13% have increased their amounts of emergency reserves, led by 28% in Malaysia, 23% in South Africa and 20% in Spain.
- Of course some people have had to dip in too… 11% have decreased their amounts of emergency reserves, topped by one in three Brazilian respondents and a quarter in New Zealand.
- One in ten has closed a credit card account, led by 21% in Brazil, **17% in South Africa** and 16% in the United Kingdom.

- Seven percent have opened a credit card account, topped by 11% in each of Brazil and Canada
- Eight percent have made a late credit card payment, led by Brazil at 26%, New Zealand at 23% and **South Africa at 20%**.
- A hefty 22% of all respondents have written or revised their budgets, **topped by more than half of South Africans (52%)**, 43% of Brazilians and 41% in New Zealand.
- Nine percent say they have lost their jobs in the past six months, led by 23% of Brazilians, **21% of South Africans** and 15% of New Zealanders.

But not everyone has had to change. An overall four in ten have maintained status quo on all of these possible actions. Least likely to have changed anything were people in Hong Kong (56%), Indians (55%) and the French (51%).

Credit crunched my lifestyle

The survey showed that people are making some life - or at least lifestyle - changing decisions. On the lifestyle front, one in five respondents have put off an overseas holiday in the past six months, topped by 37% of New Zealanders, 35% of Russians and 32% of Spaniards.

It's not just holidays that have been put on the backburner. Fifteen percent of respondents across 16 markets say they have postponed, or spent less, purchasing a car. This was topped by 34% of Brazilians and Gonzalis said, “This number could have been much higher if the Brazilian government had not provided incentives to reduce prices.”

Other life decisions that have been delayed or had less spent on them in the past six months are:

- Purchasing a home - 10% have postponed this, led by 22% of Brazilians, 18% of Russians and 16% of New Zealanders.
- Adding on, extending or renovating a home - DIY and building has taken a hit with 16% of overall respondents, topped by Russia at 33%, Serbia at 31% and Brazil at 30%
- Buying a new TV, computer or other large appliance - 23% have delayed this or spent less, led by 39% of New Zealanders, 37% of Brazilians and 31% of Spaniards.

And changes have been more personal too. An overall 4% have postponed or spent less on a wedding, including 12% in Brazil and 7% in each of Russia and Taiwan.

Six percent have delayed having a baby, led by 13% of Brazilians, **12% of South Africans** and one in ten Russians and Spaniards. And 5% have even postponed surgery in the past six months, topped by 13% of Brazilians, 8% of Spaniards and 7% of each of the Danes, French, Americans and New Zealanders.

Braverman said, “With the relatively high unemployment in the US, those Americans who have lost one or more incomes in the family are making very difficult decisions each day… which bills do, and don't, get paid. This includes non-emergency surgeries.”

Why not spend?

Of the people who delayed a major purchase, changed a life decision or spent less, the Synovate survey showed that 39% did this because they didn't have enough money, but there were some other more intriguing reasons too.

Fourteen percent across the 16 markets surveyed said they could afford it but thought it wise to wait, 11% were waiting for

a bargain and another 11% thought it just seemed wrong to spend a lot at the moment. So it seems some could spend but are simply choosing not to… It is quite telling to look at the reasons for spending delays across markets:

- Not enough money - Serbia (66%), India (62%), Russia (54%)
- Waiting for prices to come down, bargain hunting - France (21%)
- Could afford it, but think it's wise to wait - Denmark (28%), Spain (23%)
- Saving or investing money instead - Malaysia (22%)
- It just seems wrong to spend a lot at the moment - Hong Kong (22%), Taiwan (21%)

- It's a luxury item/expense that I don't really need -Hong Kong (23%), Taiwan (20%)

Money for nothing

It doesn't happen to many of us, but Synovate asked 11,400 respondents across 16 markets what they would do if US$1,000 (Approx R7700) landed in their lap today. Why? To help understand differing financial priorities across the globe.

Looking at all 16 markets, the priorities were:

- Put it in a bank savings account - 28% (***25% in South Africa***)
- Pay off/pay down debt - 17% (***26% in South Africa***)
- Spend it on necessities like food or household bills - (***17% in South Africa***)

- Spend it on something fun - 15% (***only 8% in South Africa***)

Within each possible answer the top responses were:

- Put it in a bank savings account - Malaysia (52%), Brazil and Denmark (both 37%)
- Put it in a bank cash deposit - India (21%)
- Buy an insurance policy - India (12%)
- Put money in a mutual fund - Serbia (8%)
- Buy equities and / or shares - Hong Kong (9%)
- Pay off/down debt - NZ (44%), Canada (40%), Australia and US (both 35%)
- Spend it on something fun - Russia (30%), Denmark (29%)
- Spend it on necessities - Serbia (35%), Taiwan (30%)

- Gamble it - no one to speak of

Money matters

One in four people agreed they were glad the world had an economic crisis as it has helped them realise their priorities; over half (55%) have permanently changed their attitudes to the importance of saving money and 47% are looking forward to being able to spend freely again.

The Synovate survey asked a series of agree or disagree attitudinal statements and a massive 80% of Malaysians say they are glad we had the economic crisis (in order to help them recognise their priorities).

Other attitudinal findings include:

- 58% say they **will do their best to not go back to spending what they used to before the economic downturn**, led by 80% of Malaysians and 79% of both Taiwanese and **South Africans**.

- 42% are more interested in increasing their savings than reducing their debt. Most in favour of this are 83% of Taiwanese, 79% of Hong Kong people and 76% of Malaysians. Least in favour - and far more focused on driving down debt - are 77% of both New Zealanders and Russians and 74% of Canadians.

- Seven in ten do not want their neighbours to know if they have economic challenges, topped by 83% of Brazilians and 80% of both Taiwanese and Hong Kong respondents.

- 84% believe it's the responsibility of each generation to leave the country better off for the next generation, led by 97% of Brazilians, 93% of Taiwanese and 92% of both Malaysians and Serbians.

About Synovate global survey on money and finance

This In:fact survey on money and finance was conducted in August 2009, surveying more than 11,400 respondents across 16 markets - South Africa, Australia, Brazil, Canada, Denmark, France, Hong Kong, India, Malaysia, New Zealand, Russia, Serbia, Spain, Taiwan, UK and the USA.

About Synovate

Synovate, the market research arm of Aegis Group plc, generates consumer insights that drive competitive marketing solutions. The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate employs over 6,000 staff across 62 countries. More information on Synovate can be found at www.synovate.com.

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