

Press Release

Europeans have faith in euro, but fear inflation

Date
15 February 2013

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Nuremberg, 15 February 2013 – Good news for the euro: more savers and private investors in the eurozone want to keep the single currency than did so a year ago. This is a finding from the GfK Investment Barometer 2013, which was conducted by the GfK Verein. The international survey investigates the saving habits of citizens and which types of investment most appeal to them. When it comes to provisions for old age, Germans tend to trust banks and their government less than in other countries. Owning a home continues to be the most desired investment.

Overall, 65 percent of Germans, 75 percent of Italians and 80 percent of Dutch respondents stated that they wish to keep the euro rather than return to their former national currency. In comparison with the previous year, support for the common currency increased in almost all eurozone countries included in the survey. In Germany, for example, it increased by 8 percentage points. Greece is an exception, as here support dropped from 81 percent in the previous year to only 76 percent. Skepticism about the euro also increased year-on-year in two other non-euro EU countries: in Poland, 90 percent wish to keep their national currency while in Sweden 93 percent said the same (previous year: 84 percent and 88 percent, respectively). For the GfK Investment Barometer, regular surveys are conducted among private individuals saving or investing their money in ten European countries and the USA.

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Low trust in ECB

One concern is on the minds of the majority of respondents in all countries: the fear that prices will increase by more than 2 percent each year. The reason for this is the low level of trust which savers and private investors have in the European Central Bank (ECB). The survey asked whether the ECB would successfully be able to keep the rate of inflation in the eurozone stable for the next five years. The reaction was predominantly negative. In Germany, only slightly more than one in four respondents thought it likely

that the ECB would achieve its objective of holding inflation at a maximum of 2 percent on average. In Portugal, a much lower 14 percent were of this view.

Opinion on their governments' crisis management was similarly critical to that on the ECB's prospects of success, although there was a slight year-on-year improvement in some countries. In Germany, 44 percent of private financial decision-makers think their government is failing in this area. However, 63 percent thought this was the case in the previous year. At the same time, approval of how the crisis was being managed increased from 8 percent to 17 percent, while 39 percent were undecided. A significant improvement was evident for support of the Italian government. Last year, 75 percent of Italians had a low opinion of how their government was handling the crisis and this has now dropped to 55 percent. Criticism has grown in Poland, where a little more than half of respondents feel their government has not been managing the crisis successfully.

Germans have doubts about provisions for old age

When it comes to provision for old age, private savers and investors in Germany are considerably more suspicious than the French and above all Americans. Only a quarter of Germans state that they trust their government, while 19 percent would turn to insurance companies and 14 percent to banks. Overall, 55 percent think that neither state nor private provisions are trustworthy. By comparison, in France, the level of trust in the government is 33 percent, 29 percent for banks and 20 percent for trust insurance companies. In the USA, trust in banks for old age provision is above average, at 56 percent. In addition, many US citizens also consider a number of institutions to be reliable which Europeans would not: investment groups are afforded the same level of trust as the government (35 percent).

Women avoid shares

Differences in the opinion and behavior of private savers and investors are not only apparent in a cross-country comparison. Gender, age and financial situation also play an essential role. In Germany, the willingness to invest in shares is relatively low. Women show particular restraint in this regard. Just under 7 percent of women aged 30 to 49 in the survey hold shares, compared with more than 12 percent of men. Higher earners are more likely to have invested in personal pensions. Almost a quarter of citizens earning between €2,000 and €2,999 have set up such provisions. At 6 percent, the figure is much lower among those who have less than €1,250 disposable income each month.

Hope and reality when investing

There is a significant difference between actual investments and those that are considered desirable: only 5 percent of Germans have invested in gold, but 39 percent see this as an appealing investment. Overall, 20 percent of

respondents have set up private pensions, although this investment appeals to 31 percent. As in the previous year, owning a home is again top of the list for actual investments in Germany (45 percent), followed by the savings account (43 percent). However, savings accounts are only the tenth most desirable investment type. Owning a house or flat is also top of this list: 79 percent of German savers and investors consider owning property to be the most desirable investment. Professor Dr. Raimund Wildner, Managing Director of the GfK Verein, comments on this result: "In addition to the low return prospects of other investments, Germans' concern about rising inflation is certainly the reason for the popularity of owning a home."

The survey

The GfK Investment Barometer survey provides information about the investment attitude and behavior of private individuals in Europe and the USA. The latest survey conducted on behalf of the GfK Verein included questions asking what investments private individuals possessed and how they rate current saving options. The opinion of private investors about the ECB, euro and its future was also investigated. In October and November 2012, surveys were carried out with more than 11,000 private investors over the age of 14 in France, Germany, Greece, Italy, the Netherlands, Poland, Portugal, Spain, Sweden, the United Kingdom and the USA.

The GfK Verein

The GfK Verein was established in 1934 as a non-profit organization for the promotion of market research. Its membership consists of approximately 600 companies and individuals. The purpose of the Verein is to develop innovative research methods in close cooperation with academic institutions, to promote the training and further education of market researchers, to observe the structures and developments in society, the economy and politics that play a key role in private consumption, and to research their effects on consumers. Survey results are made available to the membership free of charge. The GfK Verein is a shareholder in GfK SE.

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