Key Findings

1. Demand for savings, investment and borrowing products is at its weakest since a year ago. The JGFR UK Financial Activity Barometer fell 4 points to 93.7 in September from 97.5 in June and is little changed on a year ago. It is below its long-term average of 98.2.

2. Rising pessimism about the impact of cuts and tax rises has resulted in consumer confidence sliding to no / low GDP growth levels. Among higher earners – the most active financially – confidence is particularly depressed.

3. Most of the 18 categories of financial activity declined in September. Cash deposits were notably weaker – partly offset by improved ISA intentions. Fewer people intend to take out a regular savings plan than earlier in the year when demand was very strong.

4. Above average life & pension product intentions have been reflected in strong premium inflows in recent quarters. Demand is lower this quarter, particularly in intended contributions to regular life and lump sum life/pension schemes. Regular pension contributions are less affected by contribution cutbacks, with far more people expecting to contribute to a scheme than a year ago.

5. Compared to a year ago investor sentiment has strengthened with greater appetite for equities – especially among high earners. Trading volumes may be lower as fewer people are sellers. Demand for government / corporate bonds is the weakest since September 2008.

6. Consumers are increasingly debt averse. Consumer credit demand is at a survey low with spending on major purchases likely to be deferred as people avoid borrowing. Net debt repayment continues to be above average. Fewer households are falling into debt, but among indebted households more intend borrowing by credit card and overdraft to meet commitments.

7. Prospects for the housing market continue to be gloomy with demand for mortgages and property purchase intentions at survey lows. There is lower demand among potential first-time buyers, with cash buyers also falling away as growing evidence of a housing downturn makes buyers defer purchase or seek a lower price. The proportion of successful mortgage applications may increase in the coming months with more affluent potential mortgagors and fewer in the under 30 and over 50 age groups.

8. Most consumer segments recorded lower activity levels in the quarter, especially young people aged 16-22. The over 50s were an exception - with a rise in savings / investment demand – as more look set to have to defer retirement.

