

For further information

Nick Jones
Head of Communications

International Personal Finance

Number Three
Leeds City Office Park
Meadow Lane
Leeds LS11 5BD

www.ipfin.co.uk

Telephone
0113 285 6815

Email
nick.jones@ipfin.co.uk



**Financial
Wellbeing
and Inclusion
Report II**
June 2013

An International Personal Finance
research paper

Follow us on

Facebook
International Personal Finance

Twitter
@IPFplc



Copyright International Personal Finance plc © 2013.
All rights reserved. All intellectual property rights in this
report are owned by International Personal Finance plc.
Any unauthorised copying or re-production of this report
will result in an infringement of copyright.

About International Personal Finance

International Personal Finance ('IPF') is a leading international provider of consumer credit in growth markets.

We currently serve 2.4 million customers and operate in the growth markets of Poland, the Czech Republic, Slovakia, Hungary, Romania and Mexico. Our markets typically have higher levels of growth than more established economies of Europe and have mature and stable legislative infrastructure.

We are an inclusive, responsible and sustainable lender and typically our customers repay their loans over a 12 month period with small weekly repayments to reflect their household budget.

Internationally we have more than 6,300 employees and 28,500 agents and are one of the largest British employers in Europe.

In 2012 the Group reported revenues of £651.7M, issued £882.1M credit and delivered record pre-tax profits of £95.1M.

A FTSE 250 business, IPF was listed on the London Stock Exchange in July 2007 and took a secondary listing on the Warsaw Stock Exchange in March 2013. Its head office is in Leeds, United Kingdom.



Contents

About International Personal Finance	02
Foreword	03
Research methodology	04
Executive summary	06
Key findings	08
- Section 1. Economic outlook summary	09
- Section 2. Financial holdings summary	14
- Section 3. Use of credit services summary	16
- Section 4. Standard of living summary	21
Key research	23

For more information, please visit

www.ipfin.co.uk

or follow us on

Facebook

International Personal Finance

Twitter

@IPFplc



Foreword

International Personal Finance (IPF) is a leading provider of consumer credit to 2.4 million customers across six European and Latin American countries. We operate using the Provident brand and provide credit in countries where there is an increasing demand, but consumers, particularly those people wanting smaller loans, are relatively underserved by existing financial institutions.



YouGov[®]
What the world thinks

Our business model has been in operation for more than 130 years and we currently employ more than 6,300 people and use 28,500 agents. IPF's business model promotes inclusive and responsible lending and we have been publicly recognised for our outstanding customer service and for being a socially responsible company.

The IPF Financial Wellbeing and Inclusion Report is a major international survey that takes place every six months amongst IPF's customers in six overseas markets. The research is carried out independently by YouGov, a leading international, full service online market research agency that has offices in the UK, US, Europe and the Middle East. In August 2012, YouGov was named in the respected Honomichl Top 25 global research firms list. Customers of IPF are typically from socio-economic groups poorly served and often excluded from mainstream financial services. With lower levels of social influence, disposable income and political power, they may feel marginalised and devoid of a voice in society. They use loans for a variety of purposes, from funding a small business to paying for holidays or to cover emergencies.

The report is designed to engage with IPF's customer base, understand their views on a range of important economic and financial issues and report the key findings externally amongst key groups of decision makers and influencers.

We hope you find this report useful and informative. Please do not hesitate to contact us for further information, or to enquire about the next report that will be issued later this year.

For further information please contact Nick Jones, Head of Communications

Research methodology

IPF commissioned YouGov to carry out the research in April and May 2013.

IPF customers who had opted to receive e-mail marketing communications were contacted on the 11-12 April with an invitation to complete the survey online. In addition Mexico completed a smaller number of telephone based surveys to ensure we covered a representative sample of their customers.

The completed surveys were profiled against each market's customer profiles and, where applicable, they were weighted to ensure they were representative – this was done looking at age and gender.

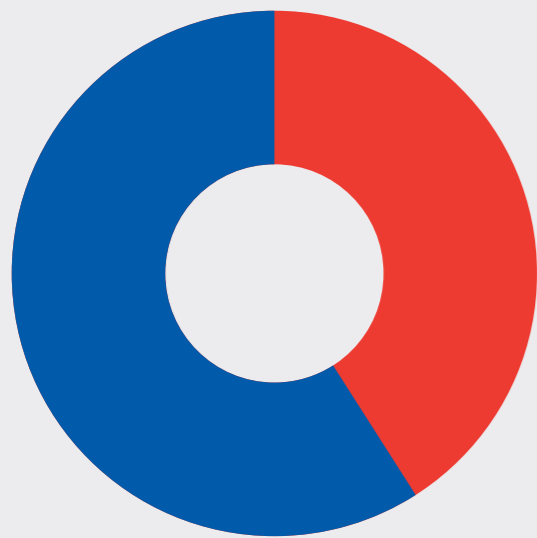
The overall sample was also weighted to IPF's worldwide customer base.

In total 9,660 adults aged 18+ completed the survey. There were no restrictions placed on the number of completed surveys we looked to achieve, as our aim was to secure robust and representative sample sizes whilst engaging our customer base to ensure they will take part in future research.

In some of the data tables we have rounded percentages up or down for simplicity.

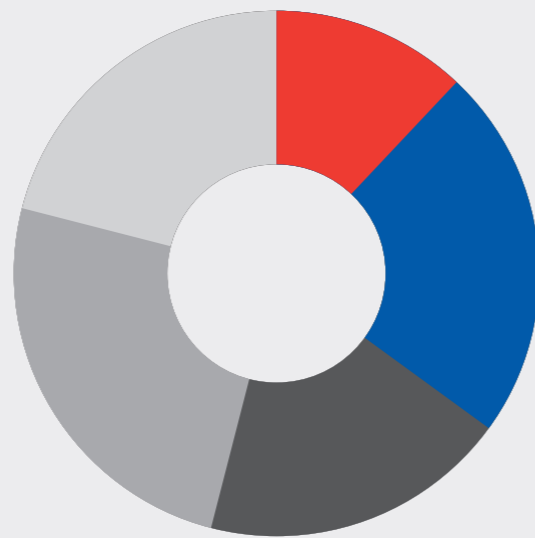
Within the report you will find IPF's views on the findings and what we think it means for our customers.

The demographic profile for all respondents was:



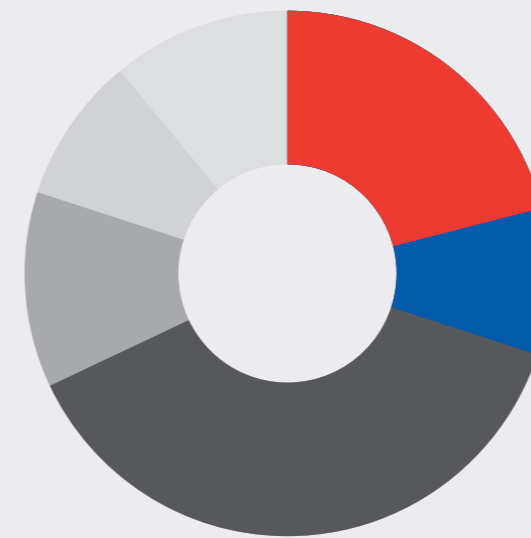
Sex

Male	41%
Female	59%



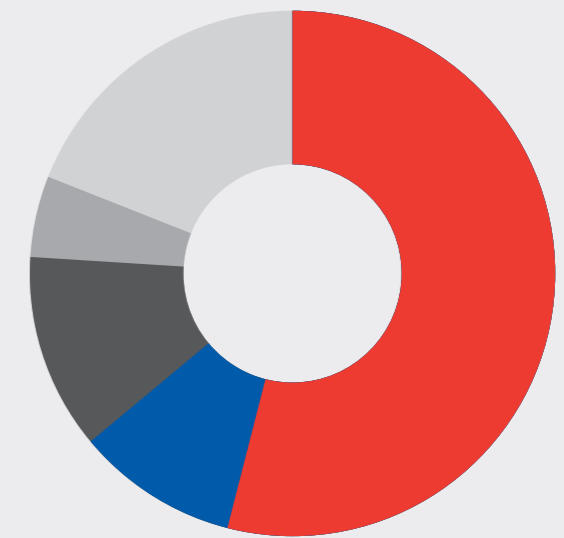
Age

18-24	12%
25-34	23%
35-44	24%
45-54	20%
55+	21%



Status

Single no children	21%
Married no children	9%
Married with children	38%
Single with children	12%
Children left home	9%
Other	12%



Employment

Full-time employment	54%
Part-time employment	10%
Self employed	12%
Unpaid work	5%
Other	18%

9,660
adults completed the survey

YouGov[®]
What the world thinks

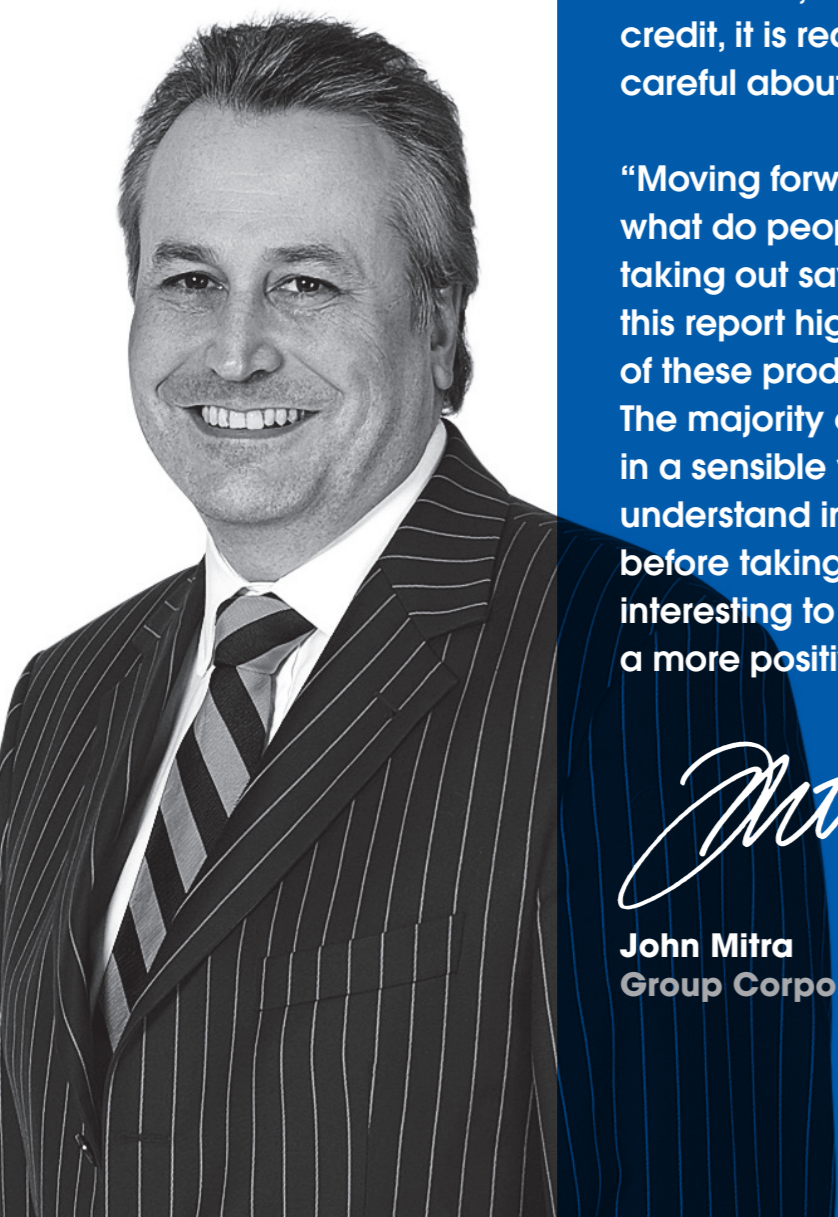
YouGov is a member of the British Polling Council and abides by its rules. Further information is available at: <http://research.yougov.co.uk>

The findings of this report have been categorised into four main sections:

1. Economic outlook
2. Financial holdings
3. Use of credit services
4. Standard of living

Executive summary

This is the second Financial Wellbeing and Inclusion report from International Personal Finance. Many of the findings build on the insight that we reported in our November 2012 report. Where we have found significant differences between the two studies we have reported them at a market level.



John Mitra
Group Corporate Affairs Director, IPF

“It is clear that many of our customers are still struggling to with day-to-day expenditure and the high cost of food is putting household budgets under continued strain. It is encouraging, however, that more people are optimistic about the financial position of their own households over the next 12 months despite concerns over the health of national economies.

“Although many of our customers would struggle to get finance from a mainstream bank or lender I am reassured by the fact that most of our customers do think very carefully before borrowing and that affordability is central to their decision-making process. As a lender who visits each and every customer personally, and in their own home, before making the decision to extend credit, it is reassuring our customers are equally as careful about their borrowing decisions.

“Moving forward I would be keen to explore what do people think is holding them back from taking out savings and insurance products – as this report highlights there is a low penetration of these products despite a very clear appetite. The majority of IPF’s customers claim to use credit in a sensible way and it would be beneficial to understand in more detail the decisions they took before taking out home credit. It would also be interesting to understand what factors would drive a more positive outlook on their standard of living.”

Concerns over the high cost of living and in particular food and utilities

Undoubtedly one of the report’s main headlines is that IPF’s customers across Europe consistently cite the cost of living as their primary concern and this is unchanged from our previous report published in November 2012. This is driven mainly by increases in the price of daily essentials, most notably food, utilities and transport. In countries, such as Hungary, four out of five people are concerned by the cost of living; a concern that supersedes other issues such as crime in the neighbourhood and unemployment.

Mexico is the only market where the major concern is something other than the cost of living; in their case it is neighbourhood crime that worries most people. Concerns over the cost of living and neighbourhood crime have both increased in this Latin American market over the past six months.

Household optimism and signs of recovery

Some respondents do foresee the possibility of economic stability reaching their respective countries, but the majority uphold a negative outlook over the next 12 months especially in countries such as Poland, Slovakia and the Czech Republic. This negative view is less pronounced than only six months ago although in Mexico we have seen a small decrease in the number of people optimistic about their national economic performance. Despite this there is still more optimism at a macro-economic level in countries such as Romania and Mexico.

On a more positive note, more people are optimistic about their own household’s financial position and this is predominately driven by a perception of an improvement in the employment market: either by a change of a job, or an increased income. Household pessimism is driven by the high cost of living, notably the increase in the cost of food. People in the Czech Republic and Hungary are the most pessimistic about their own household finances. All markets are, however, less pessimistic today than six months ago regarding their household financial position especially Hungary where there was a significant drop in negativity.

Saving for their retirement

Whilst nearly half of our customers have access to a bank account and a significant proportion have a credit card, particularly in countries such as the Czech Republic, Romania and Poland, few people have currently made provision for their retirement through savings, long term investments or pensions. This is despite many people aspiring to put something away for their later years. This customer demographic would seem to be under represented in terms of insurance with few having policies to cover their homes, and the possibility of accident, sickness or unemployment. Again the evidence would point to a desire to have these types of financial products if the financial situation permitted it. Whilst bank account penetration is largely unchanged since November 2012, we have seen a slight decrease in the number of our customers holding insurance and saving type products.

There is also a prevailing sense that it has become more difficult to attain credit in the last few years with the majority saying they would struggle to borrow money from a mainstream bank or lender. In two of our European markets, however; the Czech Republic and Hungary, there is a sense access to credit through a mainstream lender or bank, although still largely impossible or difficult, is easing slightly.

The considered use of credit

As expected, very few individuals are debt-free and the majority do not have savings – this is unchanged from our previous findings. On a more positive note repayment levels are manageable for most and this is supported by the majority of IPF customers using credit in a sensible fashion, giving it due consideration before obtaining it. Indeed 93% of our customers think carefully before they borrow and use of credit on impulse is very low. We found no real material difference in how our customers answered these questions from the inaugural 2012 report. However, where we did find evidence of change it tended to be positive, such as our customers being more comfortable with their loan repayments in Hungary.

Consumers continue to be cautious

Complementary with the largely negative outlook over the performance of national economies, a reduction in expenditure is now commonplace for IPF customers. Expenditure on socialising, household and consumer goods and holidays has been most affected, whilst spending on education and healthcare services are largely untouched.

Finally fewer than half of people questioned are satisfied with their overall standard of living although in Mexico households are significantly more satisfied than their European counterparts; a trend made more noticeable since November 2012 as satisfaction levels increased from 45% to 65% in this market.

93% of IPF’s customers think carefully before they borrow

Key findings

Section 1
Economic outlook

Section 2
Financial holdings

Section 3
Use of credit services

Section 4
Standard of living

Economic outlook summary

The cost of living is the predominant worry for IPF's customers and the primary concerns driving this are the price increases in food, utilities and transport.

Women are more likely than men to highlight the rise of food prices as a key contributor to increased living costs. Other concerns for our customers are crime in the local area and unemployment.

Almost half of people believe their country's economic situation will decline in the next 12 months although more people are optimistic about their own household's economic future. Levels of household positivity are being driven by prospective increases in earnings.

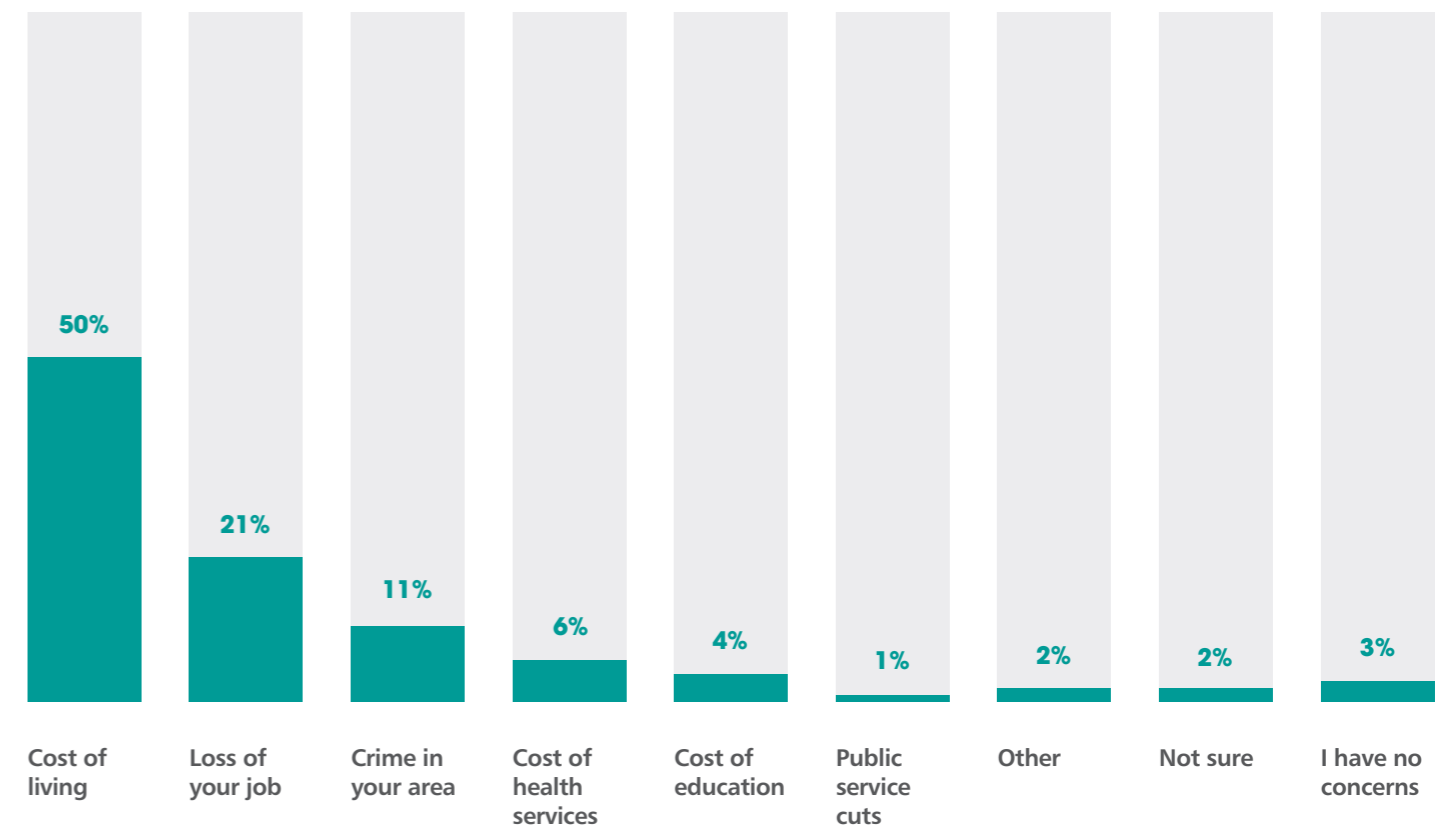
IPF's view

Consumer confidence is a key driver in re-building growth and it is good to see early signs of this returning in our markets. We have seen a clear corollary between consumer confidence and propensity to take out a loan; the higher the confidence the greater the propensity. Our research suggests this is because consumers take considered decisions before borrowing and central to that decision is the degree of confidence they have about the level and stability of their household income.

Which of these is of most concern to you currently?

All

Base: All (9,960)



Cost of living is of most concern to half of IPF customers

The cost of living was the single most important concern for IPF's European customers. Half of all respondents (50%) said it was their main concern. Concern over the cost of living increased with age from 38% of 18-24 year olds to 59% of those people aged 55+. People in Hungary (80%) were the most concerned with the cost of living.

In Mexico, however, the main concern was neighbourhood crime (34%) and unemployment (29%). Just over one fifth (22%) were concerned by the high cost of living in Mexico.

Unemployment was a concern for 21% of Provident's customers. Those aged 18-24 were most concerned with unemployment (31%) versus only 11% of those aged 55+. In Hungary only 4% cited unemployment as their main concern whereas in Mexico nearly a third (29%) said it was their main worry.

Crime in the neighbourhood worried one in ten (11%) respondents and the cost of health services 6%.

Only 3% of respondent reported no concerns.

When we compare the results with the previous IPF report (issued November 2012), we found the results to be broadly similar. However, our customers in the Czech Republic were slightly less concerned with the cost of living (down 4 percentage points from 68% to 64%). Elsewhere in Mexico concerns over the cost of living have increased from 13% to 22% and more respondents were concerned with crime in their neighbourhood (up 6 percentage points from 28% to 34%).

A third of people cite increases in food prices as most responsible for the rise in the cost of living

The increase in food prices is the main reason (33% of respondents) for the rise in the cost of living. Women are significantly more likely than men to blame the rise on the increase on food costs (36% as opposed to 29% of men). Concern over the increase in the cost of food is highest in Slovakia (43%) and lowest in the Czech Republic (20%).

A significant group of others, particularly in Romania (44%), believe that the rise in utility prices is the main concern. Concern over the increase in the cost of utilities is lowest in Hungary (14%).

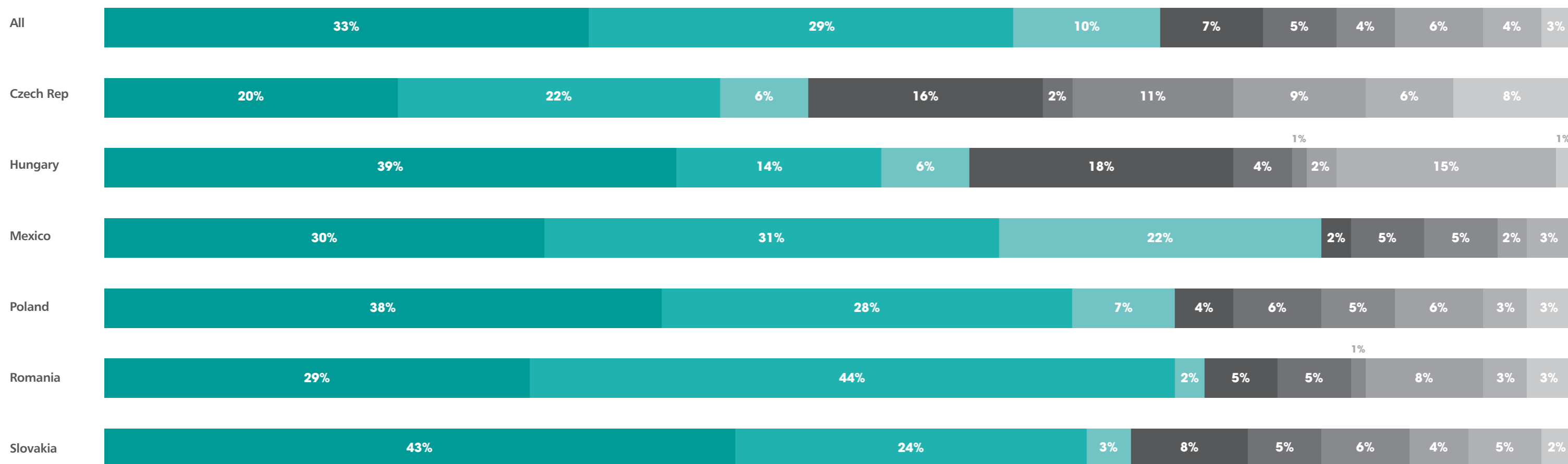
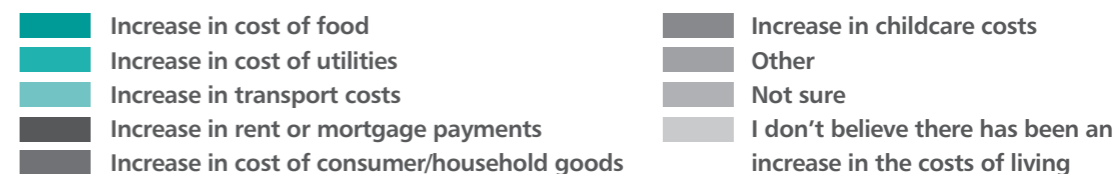
One in ten of the surveys respondents blame increased transport costs and 7% the increase in rent of mortgage payments.

Only 3% of the surveys respondents do not believe there has been an increase in the cost of living.

This question was not researched in November 2012 so no direct comparison can be made.

Which of the following would you say is most responsible for the increase in the cost of living?

Base: All (9,960), CZ (1,796), HU (4,835), MX (542), PL (915), RO (1,478), SK (394)



Just under half of Provident's customers believe their national economic situation will deteriorate in the next 12 months

Just under half of IPF's customers (48%) believe their national economic situation will deteriorate in the next 12 months. However, nearly one in three (29%) foresee stability in their countries.

Romanians (34%) and Mexicans (23%) stand out as people who are quite positive about the immediate future. Respondents from Poland (57%), Slovakia (54%) and the Czech Republic (48%) had the most negative outlook for their national economic performance.

Generally speaking, respondent's pessimism over national economic performance increases with age from 39% of 18-24 year-olds to 56% of people aged 55+. Men are more optimistic than woman (21% of men think things will get better versus 13% of women).

Comparatively all the markets with the exception of Mexico see increased optimism compared with the previous IPF report. In Hungary the percentage of IPF customers who predict that their national economies will deteriorate has decreased by 20 percentage points (from 62% to 42%) and in the Czech Republic (from 68% to 48%). Only in Mexico do we see a decrease in the number of people optimistic about their national economic performance with 4% less positive than six months ago (down from 27% to 23%).

Two in five Provident customers hope that their household financial position will improve in the next 12 months

39% of IPF customers believe their household financial position will improve in the next 12 months. This contrasts with only 17% who believe that their national economies will improve during the next 12 months. Positivity overall is driven by increased earnings (54%), changed personal circumstances (30%) and new employment opportunities (28%). Optimism driven by increased earnings or a new job is highest amongst those aged 18-24 years old.

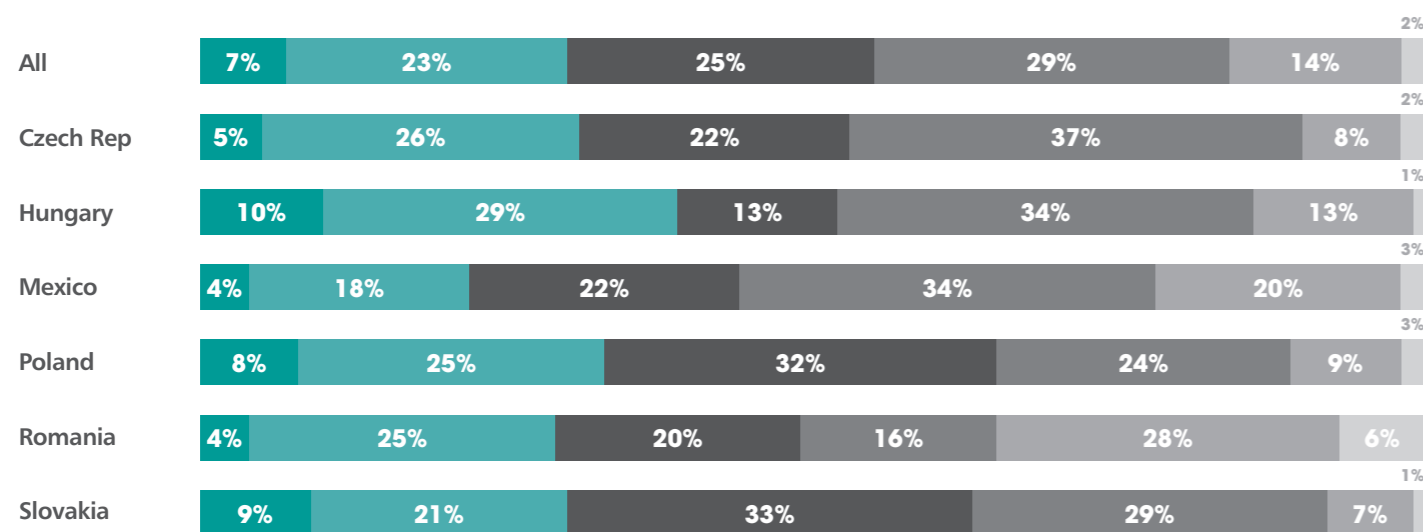
In Mexico over half (55%) feel that their household economic situation will improve in the next 12 months and this is predominately driven by increased earning (52%).

Of the one in five people (21%) who think that their household economic situation will get worse, 72% attribute this is increased living; the increase in the cost of food has already been established here as the dominant factor. People in the Czech Republic (28%) and Hungary (28%) are those most negative about the next 12 months.

When we compare these findings with the previous findings we can see that the increased optimism at a national level is matched in our customer's own households. All the markets saw a decrease in the percentage of people pessimistic about the financial performance of their own household. This decrease in pessimism was greater in Hungary where 28% think their household position will worsen over the next 12 months as opposed to 40% only six months ago. Poland saw the biggest increase in household optimism against the previous findings with 37% expecting the financial position of their household to improve as against 31% six months ago.

Thinking of the next twelve months, do you expect the economy in your country to get better or worse?

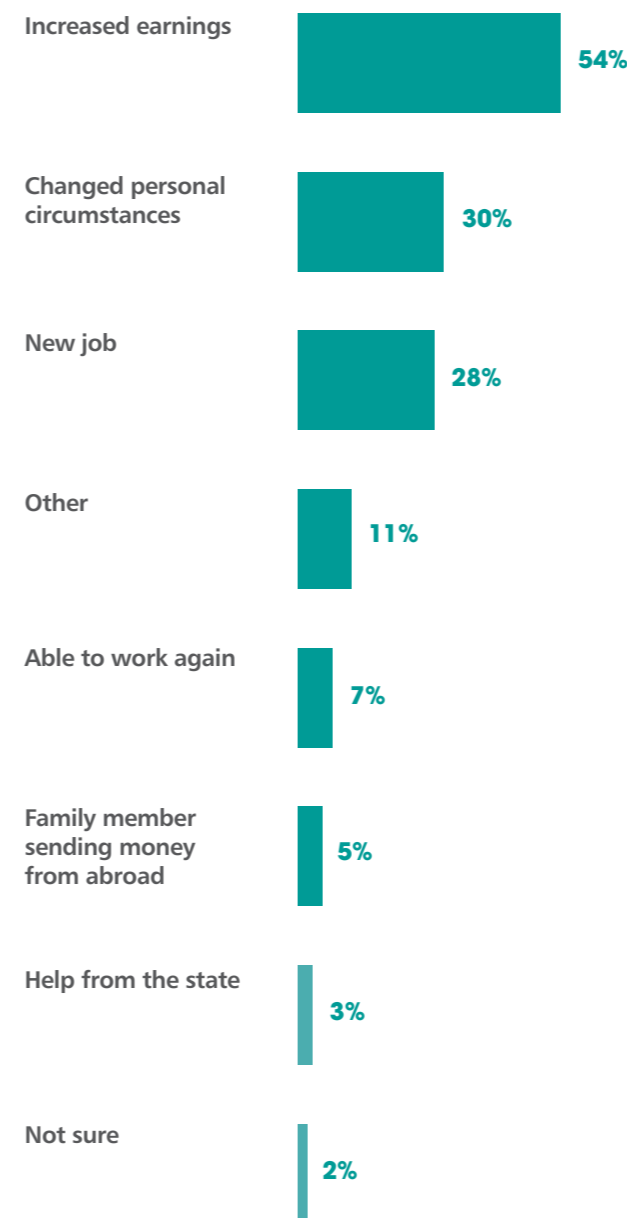
Base: All (9,960), CZ (1,796), HU (4,835), MX (542), PL (915), RO (1,478), SK (394)



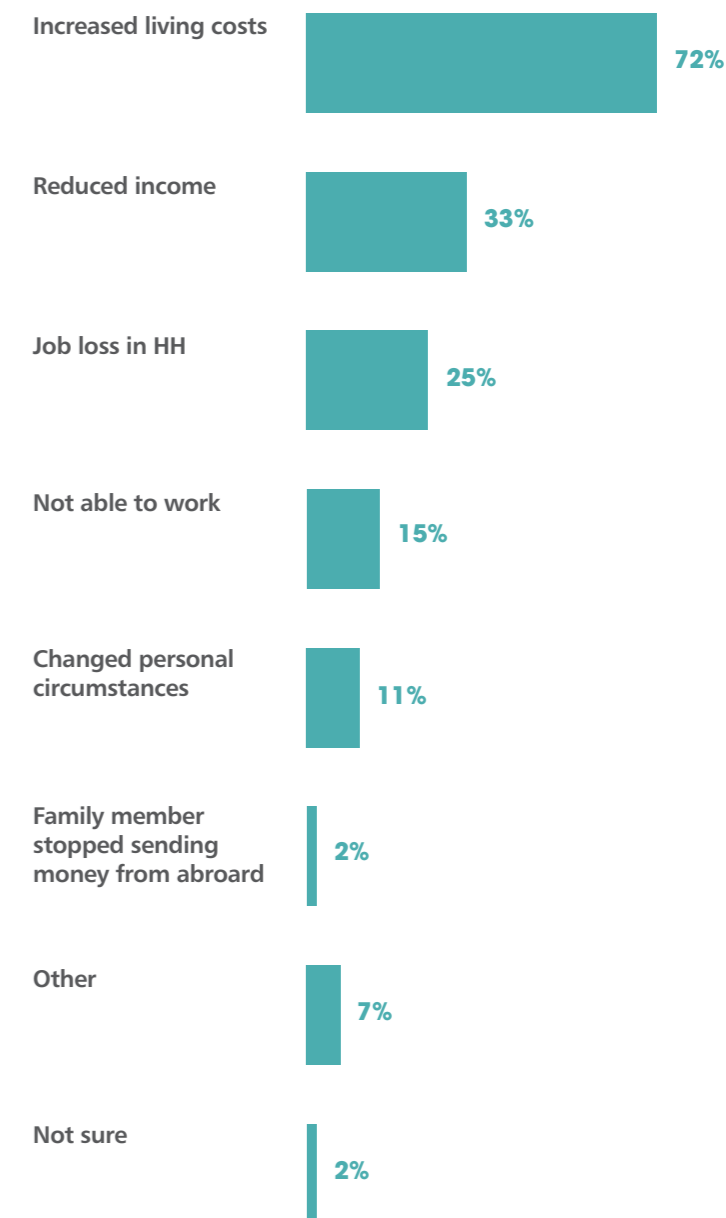
Thinking now of the financial position of your own household, over the next twelve months, do you think your financial position will get better or worse? You say that you think your financial position will get better/worse, which of these could explain why things will change?

Base: All (9,960); Better (3,126); Worse (2,448)

Better 39%



Worse 21%



Financial holdings summary

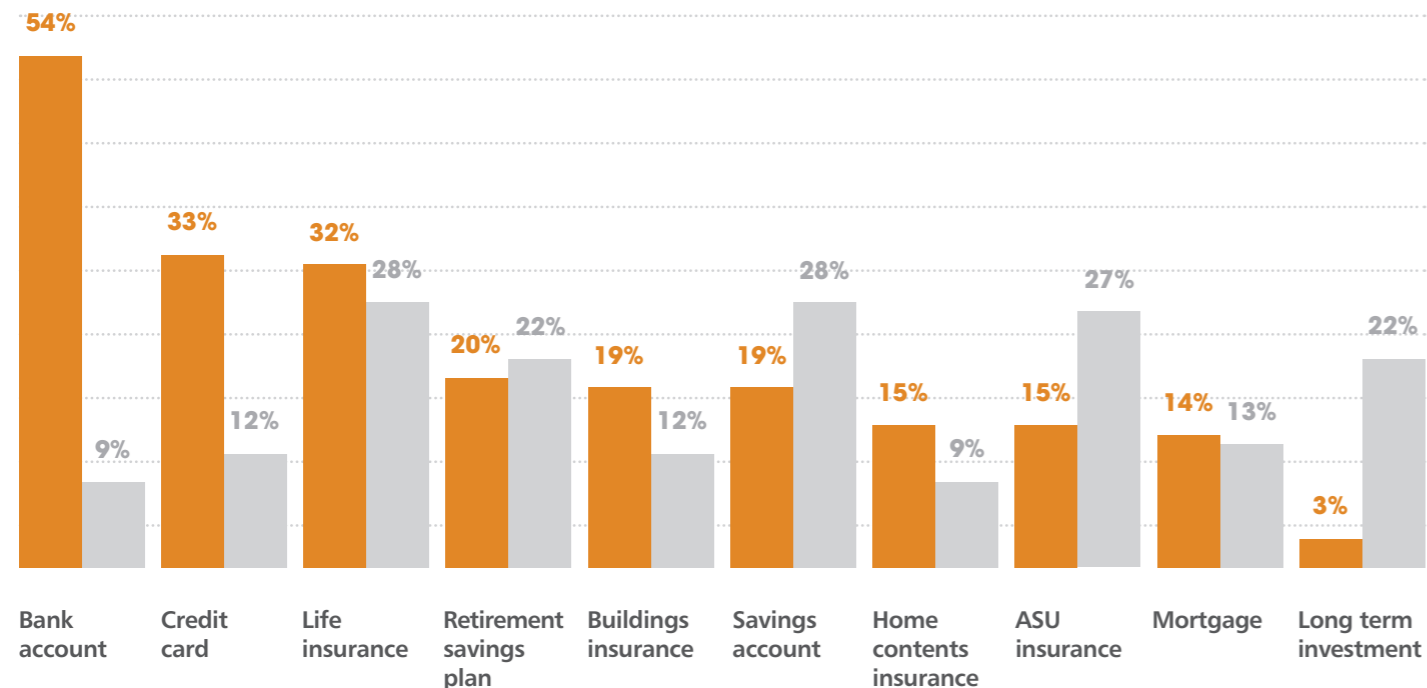
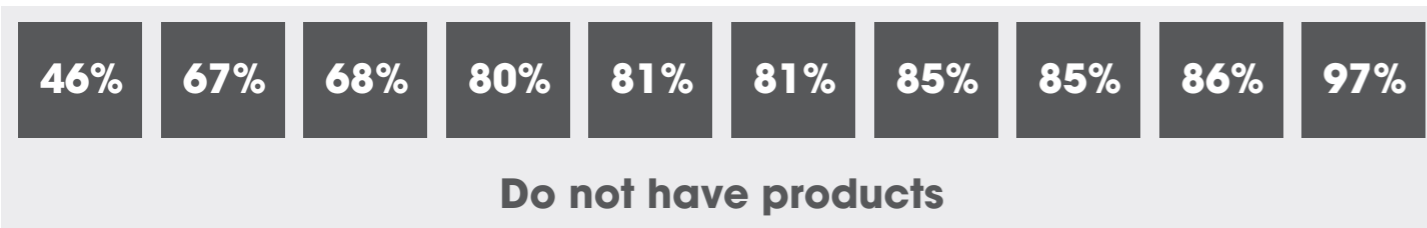
54% of IPF's customers hold a bank account and credit card ownership at 33% is higher than any form of savings product – 20% claim to have a retirement savings plan and 19% a savings account.

Levels of savings are generally low across all European markets and very few people are debt free. Despite this, repayments for the majority appear to be at an affordable level.

Encouragingly there are positive aspirations towards savings, long-term investments and retirement planning, provided their own financial circumstances are favourable. Furthermore people are aspirational in terms of using insurance products to protect themselves against economic hardship with life and accident, sickness and unemployment insurance top of their wish list of financial products.

Which additional financial products would you choose to have if your financial situation allowed it?

Base: All (9,960)



IPF's view

We have seen increasing demand for insurance products from our customer base. Unlike in many Western European markets insurance penetration is very low largely because there have been difficulties in delivering products tailored to the needs of households with moderate incomes. We believe this can be addressed and are actively engaged in a number of insurance product pilots aimed at resolving this supply issue.

The low mortgage penetration is a key factor in consumers accessing consumer credit as it is a sign that the majority of customers have limited or no credit history, without which, many financial institutions will not consider lending. IPF believes that using credit bureau is a key element in credit decision-making, however, it should only be a part of the decision and not having such a rating should not disqualify a person from accessing credit.

Almost half of IPF customers do not have a bank account

Almost half of IPF's customers (46%) do not have a bank account, but only 9% would want one given the opportunity. Slovaks have the highest level (85%) of bank ownership although in Mexico it is very low with fewer than one in five (14%) holding the product. Bank account ownership is highest amongst men (59%) and those people aged 55+ (62%). A third of our customers (33%) claim to have a credit card although only 12% would choose to have one if their financial situation allowed it. In Romania, perhaps worryingly, people claim to have more credit cards than any other financial product (credit card ownership stands at 45% versus 41% for buildings insurance and 36% for a bank account).

Four in five have no retirement savings plan and insurance generally is not currently a commonly held financial product for IPF's customers. Nearly nine out of ten people (85%) do not have home contents insurance or accident, sickness or unemployment (ASU) cover and four of five (81%) do not have buildings insurance. The exception to this is in Hungary where home ownership seems to be relatively high with two in five (38%) having a mortgage and just under half (46%) holding home contents insurance. Contrast this with Mexico where only 6% have a mortgage and 1% home contents insurance.

Life insurance (28%), savings accounts (28%) and accident, sickness or unemployment insurance (27%) are the products most sought-after for those people who do not currently have them. In Poland however, almost half (46%) already have life insurance but a further 26% would like this type of insurance if their financial situation allowed it. Romanians would like to be the most financially secure of all the respondents with people wanting savings accounts, life insurance and retirement savings plans the most.

The area of greatest movement over the last six months is in the area of insurance. Whilst bank account penetration has stayed largely stable across our markets, the percentage of our customers holding a saving account, life insurance and accident, sickness or unemployment cover has decreased marginally across all our markets. This may account for insurance and saving products being most sought after by people who do not currently hold them.

54% of IPF's customers hold a bank account

Do you have any cash savings? If so how much? Thinking now of all your borrowings, which of the following ranges would your total debt fall into? How much do you spend each month repaying credit and loans?

Base: All (9,960) CZ (1,796), HU (4,835), MX (542), PL (915), RO (1,478), SK (394)

	Czech R.	Hungary	Poland	Romania	Slovakia
Percentage of customers without savings	74%	90%	78%	66%	67%
Value of average savings	€232	€41	€223	€210	€351
Average debt excluding mortgages	€3,938	€3,544	€1,711	€698	€2,572
Average monthly repayments	€222	€203	€149	€65	€248
Outstanding Provident debt balance*	€963	€725	€718	€486	€772

There are no results for Mexico as these questions were excluded from the Mexican survey. Our customer base in Mexico would have considered them inappropriate. Generally speaking people in Mexico are very sensitive when talking about their salaries and financial outgoing especially if you are asking about specific detail.

* All current IPF customers. Source: IPF Business Intelligence.
 € = 4.3 Polish Zloty, 25.7 Czech Koruna, 296 Hungarian Forint, 4.4 Romanian Leu

Use of credit services summary

In the opinion of the majority, attaining credit has become more difficult in the last few years.

60% believe they would find it difficult or impossible to take credit from a mainstream lender.

Credit is generally used sensibly by IPF's customers. It is mainly used only in an emergency and after very careful deliberation. Most claim that they only borrow as much as they can comfortably afford to repay. Furthermore very few will use credit on impulse.

Speed and convenience are the most important considerations and most sought after when dealing with financial institutions. Special deals and excellent customer service are less important. The opportunity to purchase additional financial products is considered the least important factor.

IPF's view

We believe that everyone should have access to credit if they have the ability and the intention to repay their loans. However whilst speed and convenience are essential service factors we also believe that this should not mean that lenders do not have an obligation to fully and fundamentally review a customer's ability and willingness to repay their loans. At IPF we make over 125,000,000 home visits every year to optimise our ability to assess this, we believe personal contact allied to strong credit systems and controls are a necessary pre-requisite for any lender and that decisions taken without this level of due diligence are irresponsible.

Our approach to lending, which always requires face-to-face customer contact before making a lending decision complements our customers' prudent borrowing decisions and ensures we always lend responsibly and that affordability is a central lending criteria. Our Agent remuneration is based largely on the quality of the repayment performance and not on new loan sales, which helps to ensure our Agents lend responsibly and have no incentive to offer credit to people who would struggle with their repayments.

60% find it difficult to take credit from a mainstream lender

More than half of IPF's customers believe it has become more difficult to attain credit in the last few years.

More than half of IPF's customers (55%) believe it has become more difficult to attain credit in the last few years. Only 14% claim it has become easier.

Hungarians and Romanians are the people who claim the process has become more difficult than any others. However, a quarter of Mexicans (23%) and Slovaks (23%) assert that getting credit has become easier. Those respondents aged 25-44 are most likely to claim getting credit has got more difficult in the last two to three years (56%).

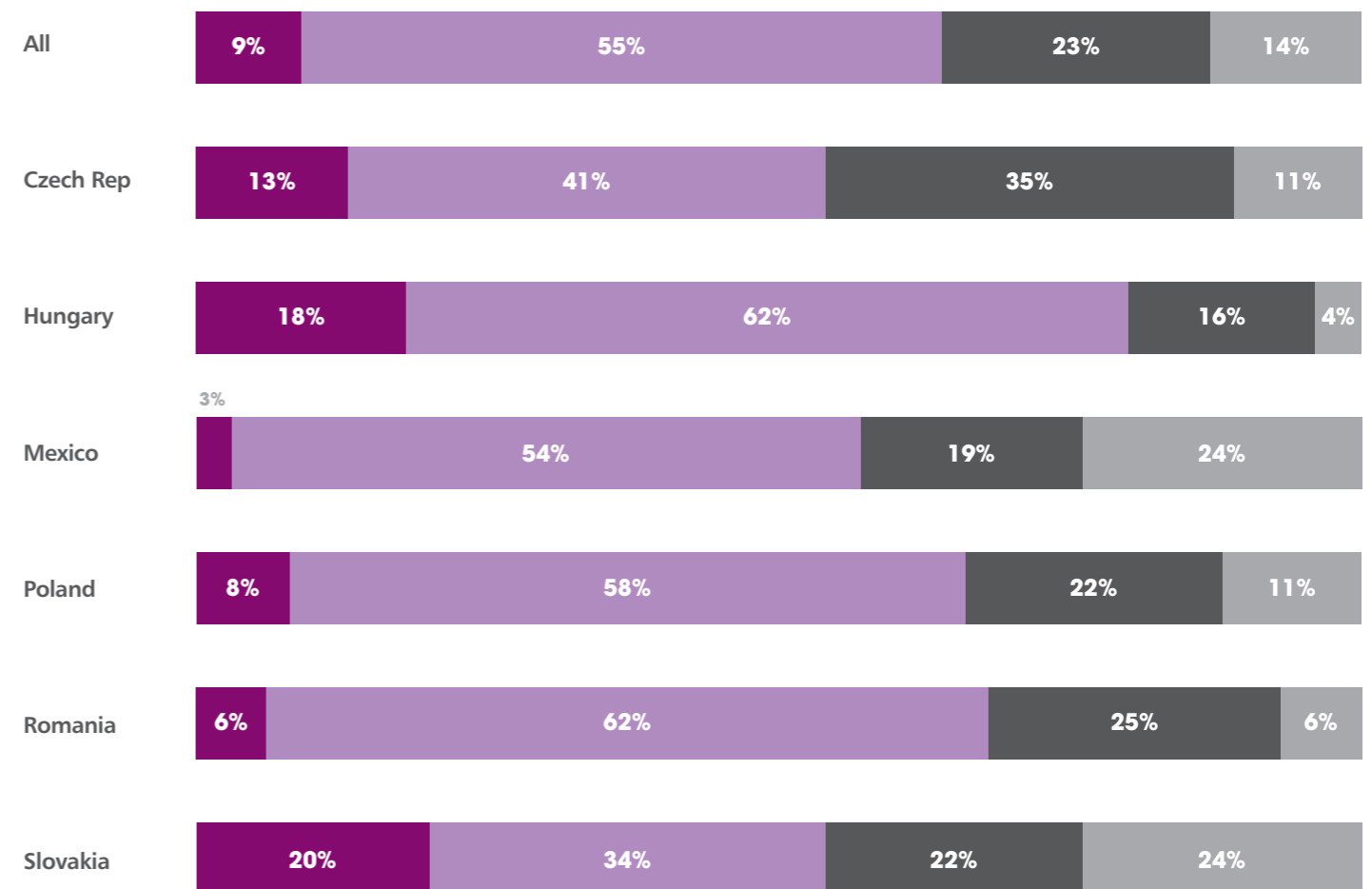
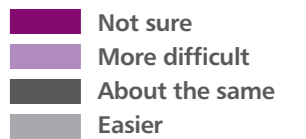
Six out of ten IPF customers believe they would have trouble trying to borrow money from a mainstream bank or lender. This perception is relatively consistent across age (46% 18-24, 44% 25-44, and 44% 45+) but differs depending on gender (men 55% versus women 64%).

Respondents in Hungary believe getting credit in this way would be the most difficult (71%) whereas in Slovakia only four out of ten (39%) think it would be difficult to borrow currency from a mainstream bank or lender.

Respondents in the Czech Republic and Hungary both report that it has become easier to get credit in the last two to three years compared with the findings from the last report. In Mexico, however, the situation had become more polarised with more people saying it has become more difficult (up 9 percentage points to 54%) as well as easier (up 5 percentage points to 23%). The number of people who think it has stayed the same has fallen 10 percentage points to 19%. The only other country where there is a view it has become more difficult over the past six months to secure credit is Romania.

Would you say that it has become easier or more difficult to get credit in the last two to three years?

Base: All (9,960), CZ (1,796), HU (4,835), MX (542), PL (915), RO (1,478), SK (394)



The overwhelming majority of IPF customers claim to use credit in a sensible way, borrowing only when necessary

The overwhelming majority of IPF customers claim to use credit in a sensible way, borrowing only when necessary. This is demonstrated by the fact that 93% think carefully before they borrow, 87% only use credit in an emergency and 84% do not borrow unless they know they can afford the repayments. Affordability is therefore central to our customers' decision making process in deciding whether to take out a loan or not. With many financial services organisations offering access to cash in minutes, the fact that we do not lend money without seeing a customer at least once, quite often twice, in their home environment, is a positive quality that promotes responsible lending and affordability checks.

In Mexico and Hungary 95% of IPF customers think carefully before they borrow – the highest across the all the IPF markets. This is lowest in the Czech Republic but at 91% it is still nevertheless a very reassuring statistic.

The use of credit in an emergency is highest in Mexico (91%) and lowest in Poland (84%). Demographically young people are more inclined to use credit in an emergency than older people. 91% of those aged 18-24 years old will use credit in an emergency verses 82% of people aged 55+.

The use of credit on impulse is also low across IPF's customers. Only 16% claim to use credit in this way. This is lowest in Mexico (10%) and Romania (12%) and highest in the Czech Republic (21%) and Slovakia (19%).

A third (34%) will borrow as much as the lender will allow them to borrow, and this is highest in Poland (45%). However in Mexico only 14% will borrow as much as the lender will allow. Complementary to these claims, many of our Agents do not lend their customers the full loan value offer after conducting the home visit to assess their customer's specific financial situation. Our Agents make the final decision and typically lend less than the full offer value; confirmation that our Agents' remuneration structure, which is built on customers' loan repayments, and not sales, is geared towards responsible and affordable lending.

Reassuringly when we looked at how our respondents had answered these questions in the last survey we found very little change and where we did, it tended to be positive. For example, more of our Hungarian customers who are comfortable with their loan repayments, Polish customers thinking more carefully before they borrow, and a higher percentage never borrowing more than they know they can repay without difficulty in Slovakia.

Two-thirds of IPF customers allude to speed and convenience as key factors when dealing with a financial organisation

Two thirds (65%) of IPF customers say that speed and convenience is the key factor when dealing with a financial organisation. This is highest in Poland (74%) and lowest in Mexico (52%).

Special deals for customers are also important particularly amongst Polish people (70%) although in the Czech Republic only a third rate this factor as important. In the Czech Republic having a good reputation is considered more important.

Providing an excellent customer service is valued by over half of all respondents. This is highest in Poland (62%) and Romania (61%) and lowest in the Czech Republic (34%).

In Hungary only 18% consider a good reputation as important verses 48% of all IPF's customers and 61% of Mexican respondents. The opportunity to buy additional purchases from a financial organisation was deemed important by 19% of IPF's customers. This was highest in Hungary (28%).

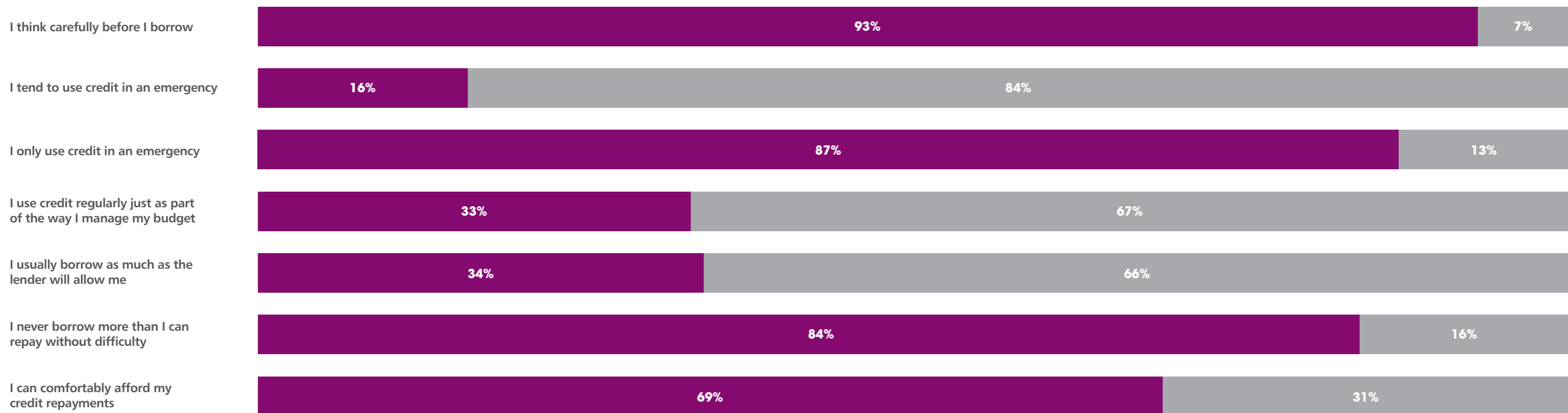
This question was not researched in November 2012 so no direct comparison can be made.

65% of IPF's customers say that speed and convenience is the key factor

Please indicate whether you agree or disagree with each of the following statements...

Agree
Disagree

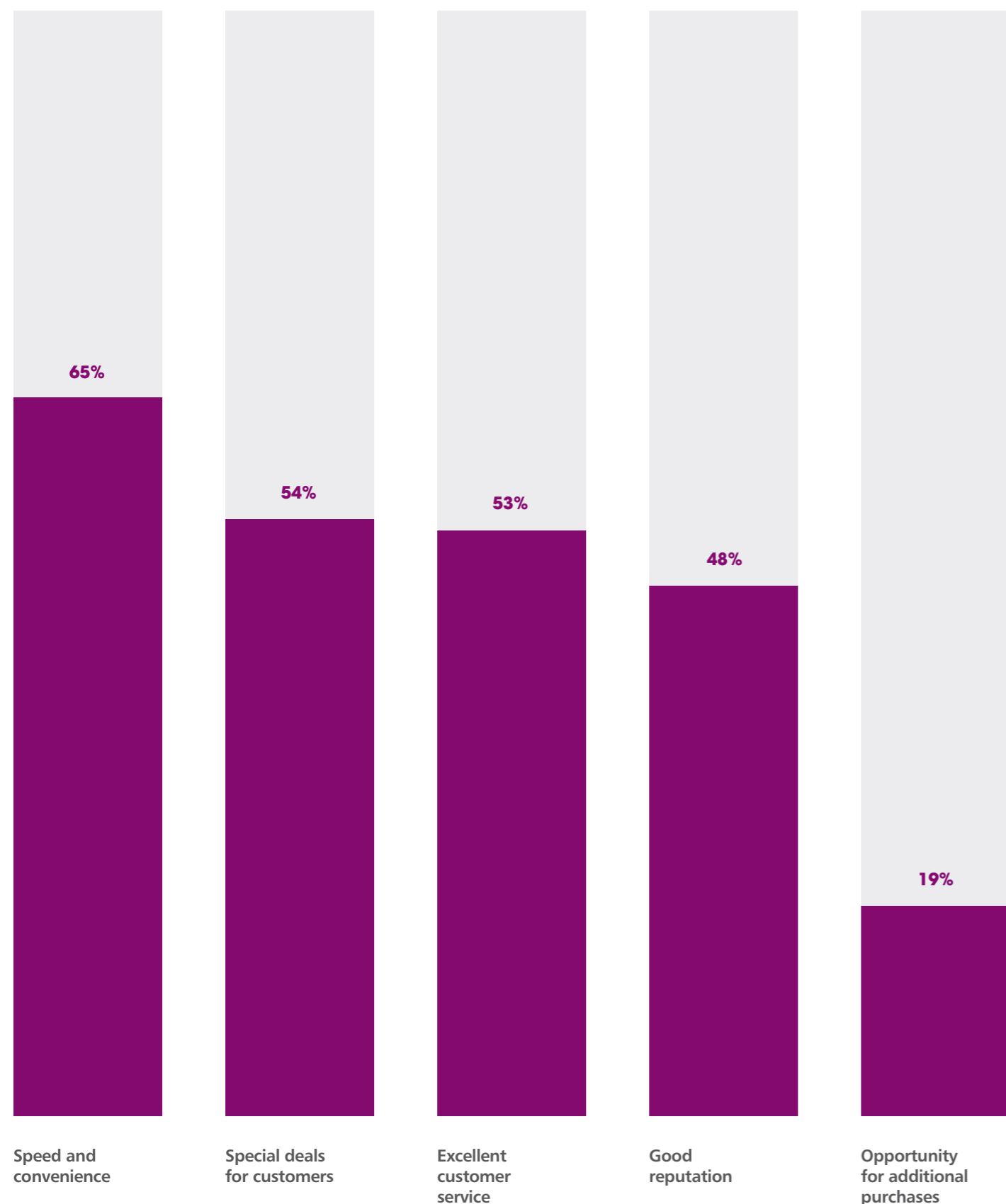
Base: All (9,960)



Which of the following is important to you when dealing with a financial organisation?

Base: All (9,960)

All



Standard of living summary

The areas that have been most affected by this reduced spend are socialising, consumer and household goods and holidays. Worryingly, a significant proportion of people are reducing their spending on quality food. Households in Hungary are the most cautious with nine of out ten spending more carefully than in the past.

Fewer than half of people are satisfied with their standard of living although in Mexico two thirds are satisfied. Satisfaction also declines as people get older.

The majority of people would be unable to find money to make emergency payments or to save for major purchases.

77% of IPF's customers spent more cautiously in last 12 months

IPF customers have spent more cautiously in the past 12 months, a trend that increases with age.

IPF's view

Whilst we would all like to be in an economy in which we do not need to worry about spending it is pleasing to see that our customers are responding in a mature and sensible way to their circumstances. It is disappointing to see that quality of food is one of the sacrifices being made in Hungary where the economy has faced particularly harsh challenges; however in the other markets there does appear to be a clear pattern of consumers cutting back on luxuries rather than essentials. Our customers are sometimes accused of being irresponsible or unable to manage their finances effectively. This research clearly shows that the majority are responsible and rational in the way they manage their household finances.

More than three quarters of IPF customers have spent cautiously in the last 12 months

More than three quarters (77%) of IPF's customers have spent more cautiously in the last 12 months. Cautious spending seemingly increases with age and peaks at 80% of those aged 55+ who have become more careful with their spending habits.

Respondents in Romania are those who have been prepared to spend a little more freely. Contrast this with Hungary where consumers are the most cautious with nine in ten spending more carefully than in the past.

Amongst those whose spending has been more cautious in the past 12 months, socialising is the expenditure most reduced with 70% cutting. This is followed by reduced spending on consumer and household goods (68%) and holidays (63%). Spending on education and healthcare are the areas affected least by tighter consumer spending.

Areas of particular interest here include Hungarians and Romanians are significantly more likely than other people to cut back on consumer goods and three quarters of Polish respondents have cut back on their socialising. 38% IPF customers have also cut back on quality food and this rises to two in three people in Hungary and Romania. Nearly half of Hungarians (48%) have cut back on heating expenditure.

Women in general are more likely to cut back on consumer goods while men have reduced spending on transport.

This question was not researched in November 2012 so no direct comparison can be made.

Thinking about day-to-day spending over the last twelve months, which of the following would apply to how you have approached spending in current economic conditions?

Base: All (9,960), CZ (1,796), HU (4,835), MX (542), PL (915), RO (1,478), SK (394)

	All	Czech R.	Hungary	Mexico	Poland	Romania	Slovakia
Much more cautious	45%	39%	65%	45%	44%	40%	33%
A little more cautious	32%	27%	25%	37%	37%	20%	23%
About the same as usual	14%	22%	6%	9%	15%	20%	27%
Spending a little more frequently	5%	5%	1%	8%	2%	11%	9%
Spending a lot more frequently	2%	6%	0%	1%	1%	7%	3%

Three-quarters of IPF customers would find it hard to get money for emergency payments, or to save for a major purchase

Across all of the markets, respondents would find it difficult to find money for an emergency payment (74%) without borrowing or to save money (75%) for a major purchase. Respondents in Hungary are the people most likely to struggle to find the money for these causes. Mexicans feel it would be easiest to find the money for an emergency or a major purchase. Women would find it harder to find money for both these causes than men.

Generally speaking most people across our markets would find it marginally easier today than six months ago to find money for an emergency or unexpected bill.

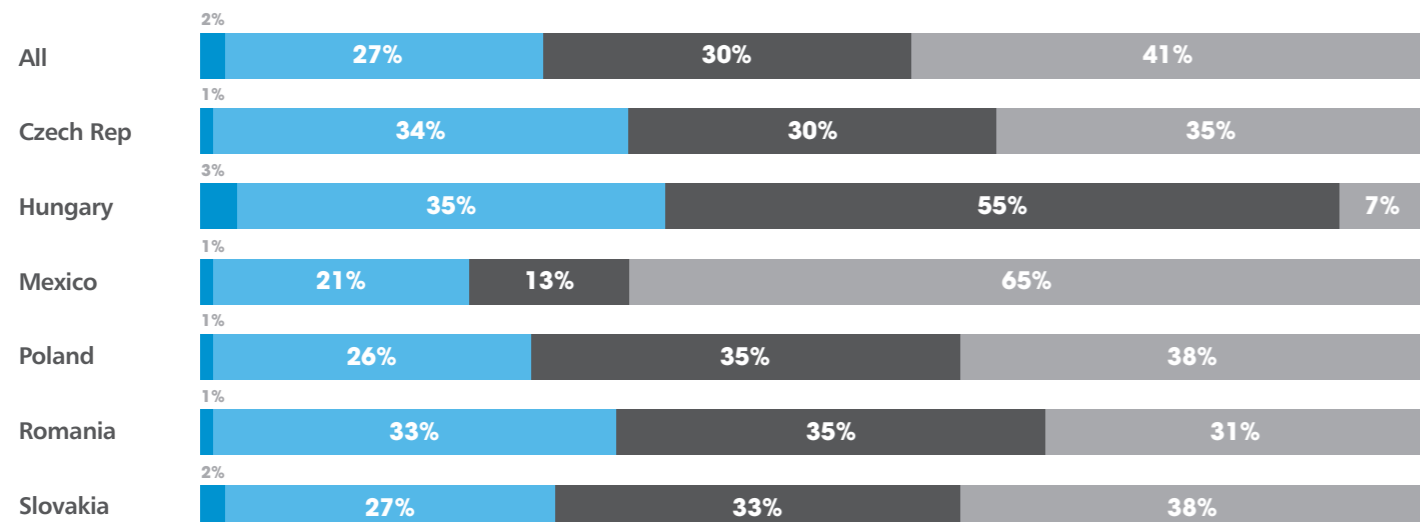
Four in ten people are satisfied with the standard of living in their household

Four in ten people (41%) are satisfied with the standard of living in their household although nearly three out of ten (27%) claim to be dissatisfied. Household satisfaction is highest in Mexico with two-thirds (65%) satisfied with their living standards. Contrast this with Hungary where only 7% claim to be satisfied and 55% feel indifferent.

Whilst there is little variance between men and women's levels of household satisfaction, satisfaction with standard of living is significantly lower as people get older (41% of 18-24 year olds versus 27% of those aged 55+). Mexico was the only market to register any significant change in satisfaction levels. This market saw satisfaction with the overall standard of living increase from 45% in November 2012 to 65% in 2013.

Generally, how satisfied are you with the overall standard of living of your household?

Base: All (9,960), CZ (1,796), HU (4,835), MX (542), PL (915), RO (1,478), SK (394)



Key research

Economic outlook

- The cost of living was the single most important concern for IPF's European customers. Half of all respondents said it was their main concern
- Unemployment was a concern for 21% of IPF's customers and this was followed by crime in the neighbourhood (11%) and the cost of health services (6%)
- Only 3% of respondents said they had no concerns
- The increase in the price of food was mentioned as the main reason (33%) for the rise in the cost of living. Utilities and transport cost were also significant factors
- Just under half of IPF's customers (48%) believe their national economies will decline in the next 12 months. Contrast this with the view that more people believe their household financial position will improve over the same period. Household optimism is driven by increased earnings and new employment opportunities.

Financial holdings

- Almost half of IPF customers (46%) do not have a bank account
- 33% have a credit card although four out of five have no retirement savings plan
- Insurance is not a commonly held financial product – 85% do not have home contents insurance or accident, sickness or unemployment cover
- Life insurance, savings accounts and accident, sickness and unemployment insurance are the financial products most sought-after for those people who do not currently have them
- Levels of savings are generally low across all European markets and very few people are debt-free.

Use of credit services

- More than half of IPF's customers (55%) believe it has become more difficult to attain credit in the last few years
- Almost two thirds (60%) believe they would struggle to get credit from a mainstream bank or lender
- The overwhelming majority of IPF customers claim to use credit in a sensible way, borrowing only when necessary
- 93% think carefully before they borrow, 87% only use credit in an emergency and 84% do not borrow unless they know they can afford the repayments
- Two thirds (65%) of customers say speed and convenience is the key factor when deciding to deal with a financial organisation.

Standard of living

- More than three quarters (77%) of IPF's customers have spent more cautiously in the last 12 months
- Consumers have reduced their spending in the priority areas of socialising (70%) and consumer and household goods (68%). Spending on education and healthcare are the areas least affected
- The majority would find it difficult to find money for an emergency payment (74%) without borrowing or to save money (75%) for a major purchase
- Four in ten people (41%) are satisfied with their standard of living although nearly three out of ten (27%) claim to be dissatisfied.