The Bank of Scotland Family Savings Report, in association with the Future Foundation, looks at household savings trends in the UK and compares them with some other active savings nations – Germany and China. The research looks into savings in relation to the family. We set out to see how far international variations in savings rates can be explained by reference to differences in ‘family culture’.

‘Money mummies’ are taking control of the family purse strings

- The balance of financial power in younger Scottish households is starting to tip towards women, creating a new generation of ‘money mummies’
- Across all age groups, the UK’s women are set to gain the overall ‘balance of power’ as early as 2020
- Nine out of 10 Scottish households have at least one member of the family who engages in active financial planning
- The rising trend in financial planning has lead to an increase in switching, with almost two thirds (59%) of Scottish adults moving their money to get a better rate of interest

Scotland is experiencing an emergence of a new generation of ‘money mummies’, with the balance of power tipping towards younger women when it comes to managing household finances, according to the latest findings from the Bank of Scotland Family Savings Report. However, when comparing to the UK as a whole, Scottish woman are lagging slightly behind, as younger women now broadly hold that power already.

In particular, among couples aged under 45:
- For the first time, women in Scotland are taking charge of the majority (51%) of choices of financial provider, as well as continuing to handle most of the everyday financial management such as bill payments (55%).
- However, in the UK as a whole younger woman are also now responsible for more than half of households’ financial planning, compared to the 47% share held by young Scottish women.
- At the same time, younger couples across the UK are spliting financial research and information-gathering exactly 50-50, whilst in Scotland this task still broadly falls to the man (53%).
- But modern ‘Money Mummies’ aren’t making a big show of it – in couples aged 25-44, men are still doing most of one activity – and that is giving out financial advice to others.

However, for Scottish couples who are aged over 45, men still hold sway in the majority of financial matters, albeit narrowly. In fact, between the ages of 45 to 54, more women are taking responsibility for planning the family finances. This means that overall equality in
financial decision-making for women in the UK is still around a decade away. In fact, on the basis of this evidence and previous research in this area, it is forecasted that women will gain the overall ‘balance of power’ in all UK households’ financial decisions by the year 2020.

The research also suggests that there is an association between female control of household financial planning and somewhat higher rates of saving - (although Scottish men are relatively better savers on this measure than others in the UK). 87% of Scottish households in which women are in charge of the long-term financial planning, have some money put by, this compares to 91% across the UK as a whole. In households where the man takes on this responsibility, it is only 84% that save, compared with 82% across the UK. (In Scottish households where neither partner plans, only half (52%) have savings).

International comparisons of these results show that younger German women are leading the way – with around 56-58% controlling financial activity among younger couples. However, in China, the picture is much more mixed. While older generations of women have more financial power than their European counterparts, there is no clear trend toward rising female financial power in the Chinese age groups. On some measures, men are actually more powerful among younger couples than older couples.

A professional approach to financial planning...

Before the recession, just over half (56%) of UK adults would say that they carefully budgeted their personal finances each month. However, this figure rose to seven in 10 (70%) in 2012ii, indicating that the squeeze on spending power has led to more widespread financial planning.

In fact, this latest Bank of Scotland Family Savings research indicates that more than nine in 10 (91%) Scottish households have at least one member of the family taking control of the family’s financial planning. What’s more, nine out of ten households in Scotland (90%) also seek professional advice or use online tools, for example comparison websites or budgeting tools, to make the most of their money.

…Leading to higher levels of switching

This more professional approach to managing the family’s budget and long-term finances is leading to a pro-active approach to switching. In Scotland, almost two thirds (59%) of adults say they switch banks to obtain a better interest rate. In addition, between 2007 and 2012, the proportion of UK adults who do any part of their banking activity online rose from 28% to 41%. Over the same period, the proportion using online price comparison sites rose from 39% to 53%iii.

Out of the countries surveyed, China is definitely the most pro-active, especially when it comes to switching, with four out of five Chinese respondents (82%) having switched providers to get better rates. Surprisingly, just over half of Germans (54%) have done the same.

Greg Coughlan, Head of Savings at Bank of Scotland, comments:

“Younger women in Scotland have definitely taken a firm grip on the purse strings, moving from the traditional role of managing the day-to-day spending, to planning and selecting where money is kept. This rise of a money matriarchy marks not just a shift in the balance of power in families but may have more positive impacts for the future economy.
“Female control of the family purse strings is likely to give rise to an increase in households’ savings, as women tend to be more cautious savers in terms of the vehicles they save in, and have a longer-term orientation to saving. This in turn means that mortgage repayments and consumer spending could become less vulnerable to turmoil in employment or financial markets in future”.

- ENDS -

Notes to editors:

Chart 1: % of each activity conducted or controlled by women, by age group (couple households only, Scotland only)

<table>
<thead>
<tr>
<th>Activity/Decision Conducted or Controlled by Women</th>
<th>Age Group</th>
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<tbody>
<tr>
<td>Gives financial advice to other friends or family</td>
<td>25-44</td>
</tr>
<tr>
<td>Pays day-to-day bills and keeps track of the households’ spending money</td>
<td>45-54</td>
</tr>
<tr>
<td>Chose which bank or building society the family saves with</td>
<td>55-64</td>
</tr>
<tr>
<td>Getting financial information or advice from a professional or from the internet</td>
<td>-</td>
</tr>
<tr>
<td>Making detailed future plans for saving and/or spending</td>
<td>-</td>
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i Interviews were carried out online by Research Now in early 2012. In the UK, 1,500 adults aged 18-64, were interviewed, and in both China and Germany 750 adults aged 18-64 were interviewed, resulting in a total international sample size of 3,000. Broad age-group and gender quotas were set to match the profile of adults aged 18-64 in each country. Results from the survey research were set alongside data from a range of other sources, including the UN Population Division, Government Actuaries' dept., Bank of England, World Bank, Oxford Economics, and Future Foundation's proprietary trends resource, nVision.

Respondents living in the major cities of Beijing and Shanghai represented around 35% of our survey sample (cf. c.3% of the total Chinese population). While the remaining 65% of the Chinese sample was spread fairly evenly across all regions of China, the great majority of respondents were living in urban areas within each region. Our sample may thus be described as broadly representative of ‘urban China’.

ii Data from Future Foundation’s nVision Global Research programme

iii Data from Future Foundation’s nVision Global Research programme

For more information contact:

Zoe Redhead, Bank of Scotland:
0131 655 5405 / Hzoeredhead@bankofscotland.co.ukH
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