

**NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS MONDAY 31<sup>st</sup> OCTOBER 2011**

## **NO NORTH / SOUTH DIVIDE WHEN IT COMES TO CONSUMERS FEELING THE PINCH**

*The number of consumers feeling financially insecure has grown across all UK regions since the start of the year*

- Consumers in the North East and West Midlands feeling the most pessimistic with 58% of the population falling into this category
- London sees a jump (7%) in the number of consumers feeling negative about their finances, as the squeeze on spending power hits them the hardest

The number of consumers who are feeling financially insecure has steadily increased across all UK regions throughout 2011, according to the latest insight<sup>i</sup> from the Lloyds TSB Spending Power Report<sup>ii</sup>.

The North East and West Midlands have the highest percentage of consumers who would be classified as feeling financially insecure, with 58% of the population in these regions feeling pessimistic about the state of their finances and future prospects. The North East has seen the biggest increase over this period, rising 11% over the first nine months of the year.

However, surprisingly, Londoners have also fared badly over the same period, despite often being seen as the more affluent region. At the start of the year, London was the least negative region, with only 46% of residents in the capital feeling apprehensive about their financial situation. However, by the end of the September over half of all Londoners (53%) were losing confidence in their financial prospects, an increase of 7%.

The region's mood is reflected in spending power trends, which have seen Londoners hit hardest by the squeeze on discretionary spending. Annual discretionary spending power growth in London was the lowest of all the regions. In September, discretionary spending power was just 1.7% (well below current levels of inflation), according to data from the Lloyds TSB monthly Spending Power Report. At the same time incomes also grew at a slower rate. Incomes in London were 1.1% higher than they were a year ago in September, which accounts for a real term fall once inflation is taken into account.

Consumers aged between 30 and 44 years, along with the under 30s, have also seen the largest increase in numbers feeling negative about their finances, with 58% and 54% respectively now more likely to consider themselves financially insecure (up 8% since the

start of the year). 56% of those aged between 45 and 59 years of age are also pessimistic about their finances; however, this is actually 1% lower than at the start of the year.

**Jatin Patel, Lloyds TSB current accounts Director, said:** “The fact that an increasing number of the population are worried about their finances is not surprising, as incomes have been squeezed for quite some time. However, the normal convention of the North / South divide often sees those in London better off than the rest of the country. However, this latest research indicates that the opposite is the case. It seems that falling incomes and the increasing cost of living in an expensive city are taking their toll on those living in the capital.”

### Ends

#### Editors' notes:

**Table 1: % change in consumers feeling pessimistic about their finances by region**

	Jan 2011 <sup>iii</sup>	Sept 2011	% Change
North East	47%	58%	11%
West Midlands	50%	58%	8%
London	46%	53%	7%
Yorkshire	48%	54%	6%
Scotland	50%	55%	5%
South West	48%	53%	5%
East Midlands	50%	55%	5%
South East	50%	54%	4%
Wales	51%	55%	4%
North West	50%	53%	3%
Northern Ireland	52%	55%	3%
East of England	49%	51%	2%

**Table 2: % change in consumers feeling pessimistic about their finances by age**

	Jan 2011 <sup>iv</sup>	Sept 2011	% Change
30-44	50%	58%	8%
Under 30	46%	54%	8%
60+	40%	47%	7%
45-59	57%	56%	-1%

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<sup>i</sup> Using data from the monthly consumer research, conducted by TNS as part of the Lloyds TSB Spending Power Report. Around 2,000 people are asked about their current and future spending habits and how their commitments affect their spending power. The data from the TNS survey has revealed two distinct groups of consumer; those who are financially insecure / pessimistic and those who are confident / optimistic. These groupings were based on their answers to a number of questions relating to their perception of the economy and their own personal financial wellbeing using a statistical technique called cluster analysis.

<sup>ii</sup> The Lloyds TSB Spending Power Report examines trends in consumers' spending power, defined as income left after essential spending. Each month it covers both changes in actual spending power and in consumers' perceptions, as well as recording how consumers are reacting. The Spending Power Report measures payments into Lloyds TSB current accounts and subtracts essential spending – rent, mortgage and debt payments, utility bills, council tax, TV licences, food and fuel. Additionally, 2,000 consumers are asked about their current and future spending habits and how their commitments affect their spending power. The index is derived from the current account data of all Lloyds TSB customers, the largest provider of current accounts in the UK. This provides a robust and representative sample of the entire UK market.

<sup>iii</sup> Data compiled for January is a three month rolling data set.

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