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MEDIA INFORMATION

Financial crisis prompts cautious public mood

British consumers more cautious about their money and support regulatory efforts to minimise fall-out from wind-down of big banks

75% of people say they are more cautious about their money and finances as a result of the financial crisis, new research by the Financial Services Compensation Scheme (FSCS) shows.

FSCS played a key role in responding to the bank failures of 2008/9, stepping in to protect millions of depositors.

While only a third (33%) of people think that well-known financial services companies will never go to go out of business, 69% are confident that any money they have with UK firms is safe. A slim majority (51%) believe they would be compensated for the loss of their money.

Almost three-quarters (74%) of people think plans should be in place for big banks so they are allowed to fail in a way that ensures customers' money is protected.

Mark Neale, Chief Executive of FSCS, said: "People are more cautious about their money now than at any time in recent memory. That isn't surprising given all the turmoil in the markets in the last few years. But people don't have to worry. The Financial Services Compensation Scheme will protect your savings should the worst happen.

"In recent years there has been a significant improvement in the protection available for savings and deposits. In the unlikely event of a bank, building society or credit union going bust people can be absolutely confident that FSCS will be there to protect them. And we will pay back the vast majority of people within seven days without them even having to lift a finger."

Andrew Bailey, Managing Director of the Prudential Business Unit, Financial Services Authority, said. "The FSCS provides a vital safety net and helps build confidence in the financial system, providing an essential protection for savers and investors."

The findings come as part of today's launch of the second phase of the FSCS's consumer awareness campaign. Although FSCS was in the spotlight following problems at Northern Rock and the failure of five banks in 2008, including Bradford & Bingley and Icesave, research suggests there is still a lack of awareness of the protection available to consumers. 48% of people had heard about the Financial Services Compensation Scheme.

FSCS, which is independent and free to consumers, has helped more than 4.5 million people and paid out more than £26 billion since 2001. FSCS is funded by financial services firms.

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Notes to Editors

1. About the FSCS

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA), and funded by a levy on authorised financial services firms. FSCS does not charge individual consumers for using its service. For more information visit www.fscs.org.uk

FSCS aims to pay compensation in the majority of cases within seven days of a bank, building society or credit union failing. Any remaining claims, which are likely to be more complex, will be paid within 20 working days. This is the Europe-wide target for pay outs following the failure of all deposit takers within the EEA.

2. About phase two of the awareness campaign

The first phase of FSCS's awareness campaign ran from 1 January 2011 to 31 March 2011. The second phase runs from 14 January 2013 to 31 March 2014 and features a mixture of print (newspaper and magazine), radio and online advertising. Engagement with leading financial institutions, which are in contact with their customers on a day-to-day basis, remains a key priority.

Although awareness of the FSCS increased exponentially at the beginning of the financial crisis, research suggests that there is still a lack of awareness of the protection available to consumers and a high degree of confusion about who provides that protection. 51% of people think they would be compensated if a financial services company – such as a bank, building society, insurance company or independent financial adviser – went out of business. 48% say they have heard of FSCS.

The campaign aims to increase awareness of the FSCS and to reassure and boost consumer confidence, thereby aiding financial stability. It has the backing of leading high street banks, building societies and insurance providers. Regulations stipulate that banks, building societies and credit unions have to prominently display posters and stickers in branches, as well as information on their websites, to inform customers their savings and deposits are protected by FSCS.

3. About the research

GfK NOP interviewed 1,000 adults aged 16+ by telephone between 7 and 9 December 2012. Data has been weighted to bring it in line with national profiles. GfK NOP is a Company Partner of the Market Research Society (MRS). All work was carried out in accordance with the MRS Code of Conduct and the ISO 20252 international standard for market, opinion and social research.