

# Consumer Reaction to the Banking Crisis

October 30, 2008



# Agenda

- Introductions
- Methodology
- Overall Sentiments
- Changes in Financial Behaviors
- Other Lifestyle Changes
- Impacts to Financial Institutions
- Conclusions

# Overview of Market Audit

- National Study of Household Financial Behavior
  - What products?
    - Deposit, Credit, Investments
  - Where are they?
    - Institution level data – full market share
  - What are the balances?
  - Channel preferences
  - Demographics
  - Wealth Scores (Net Worth, IPA, Investable Assets)
  - P\$YCLE / PRIZM
- 2008 national sample will be over 75,000 surveys
- We've been collecting the Market Audit survey data for more than 35 years!

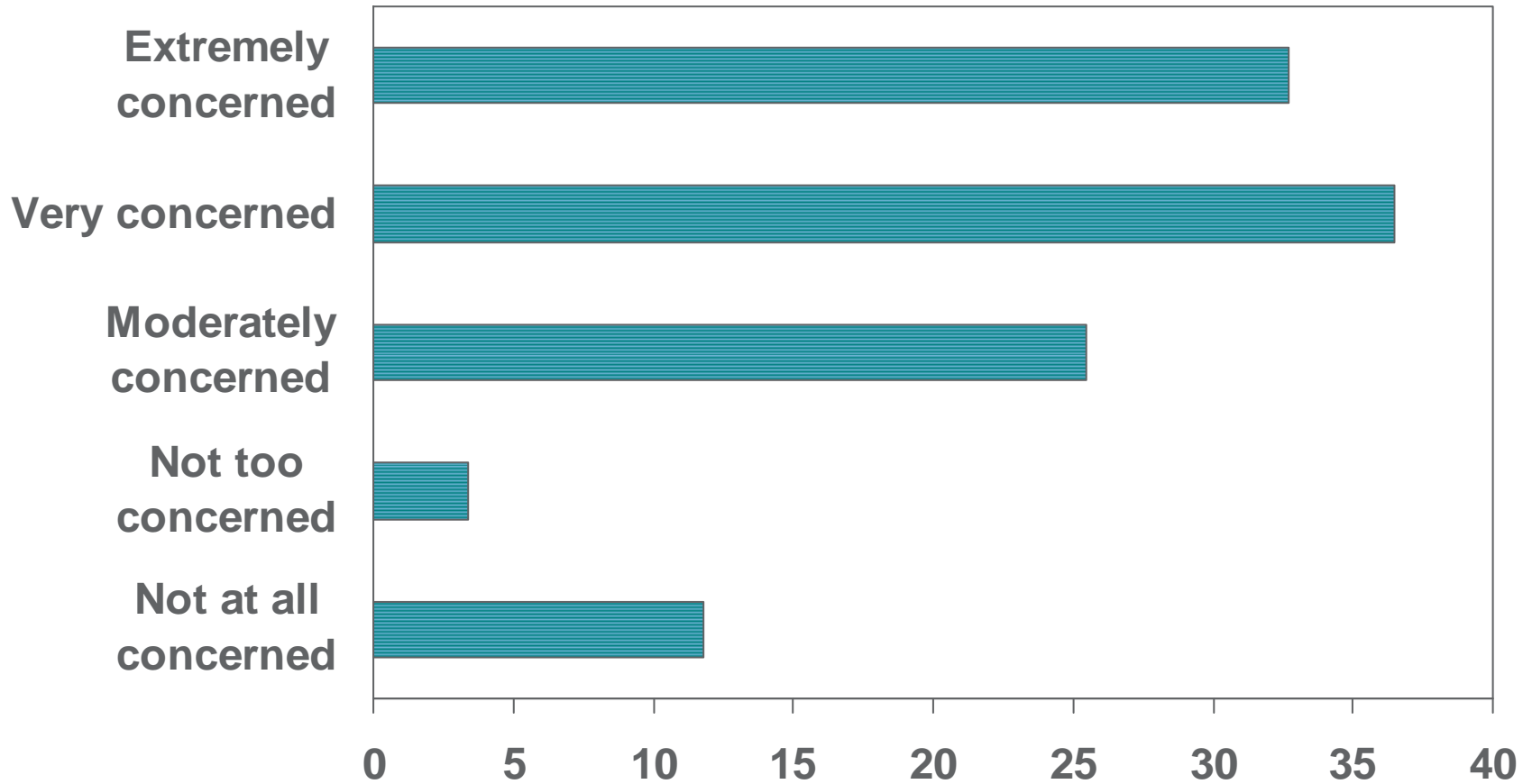
# Methodology

- Market Audit Recontact
- Results are based on a national online survey of 3,000 adults, aged 18 and older, conducted October 4-7, 2008.
- For results based on the total sample of national adults, one can say with 95% confidence that the maximum margin of sampling error is  $\pm 1.8$  percentage points.
- Average survey length was 12 minutes
- 922 HHs Impacted by (391 from National Sample and the remainder from oversampling):
  - WaMu's FDIC-mandated takeover by Chase
  - IndyMac and Lehman Brother's failures
  - Merrill Lynch's acquisition by Bank of America
  - Wachovia's acquisition by Wells Fargo

# Overall Sentiments

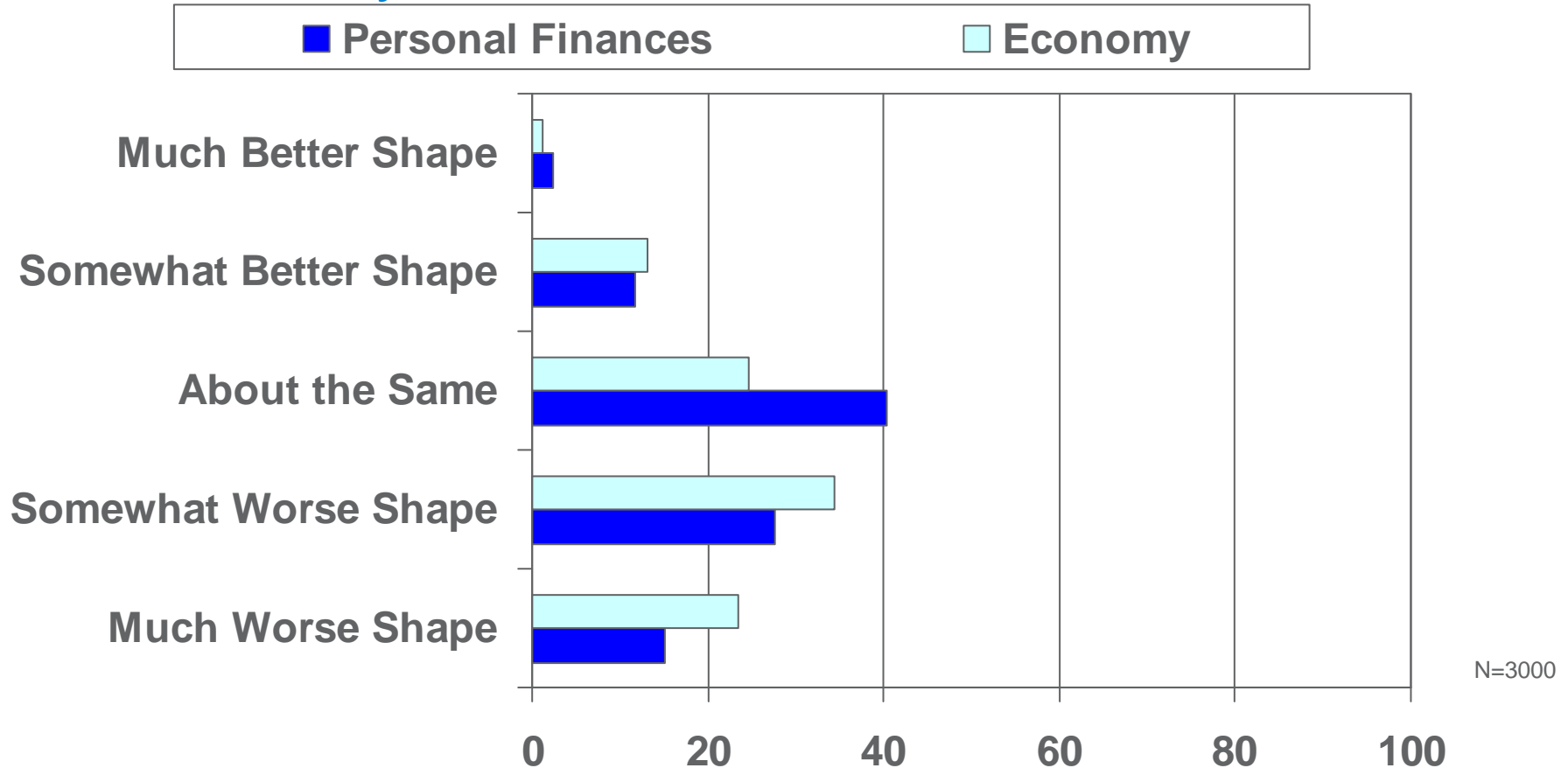


# Concern over Current Economy



*7 in 10 consumers are concerned about the economy.*

# The Economy versus Personal Finances



*Consumers are more optimistic about their personal finances vs. overall economy.*

# Comments about Economy – Little Effect

*“Stay the course.”*

*“So far, the current economic situation hasn’t affected me too much, except for the rising price of gas.”*

*“Since we are retired, our financial situation has not changed. We do not have a lot of investments and so far where our money is, has not been affected.”*

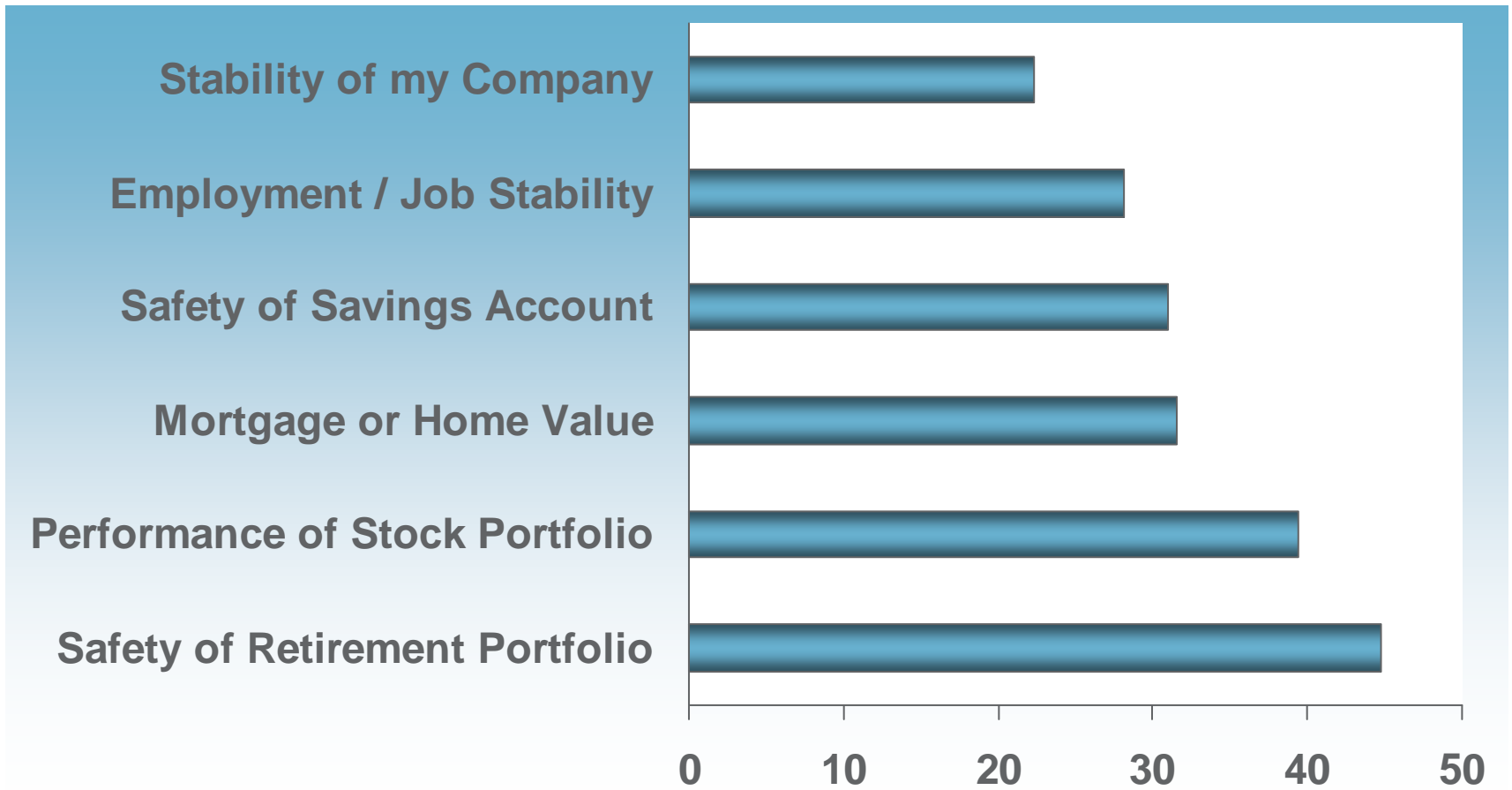
*“We have been financially responsible; we didn’t live beyond our means so we are weathering it well.”*

*“Time will tell; right now, most will stay the same for me.”*

*“This too shall pass.”*

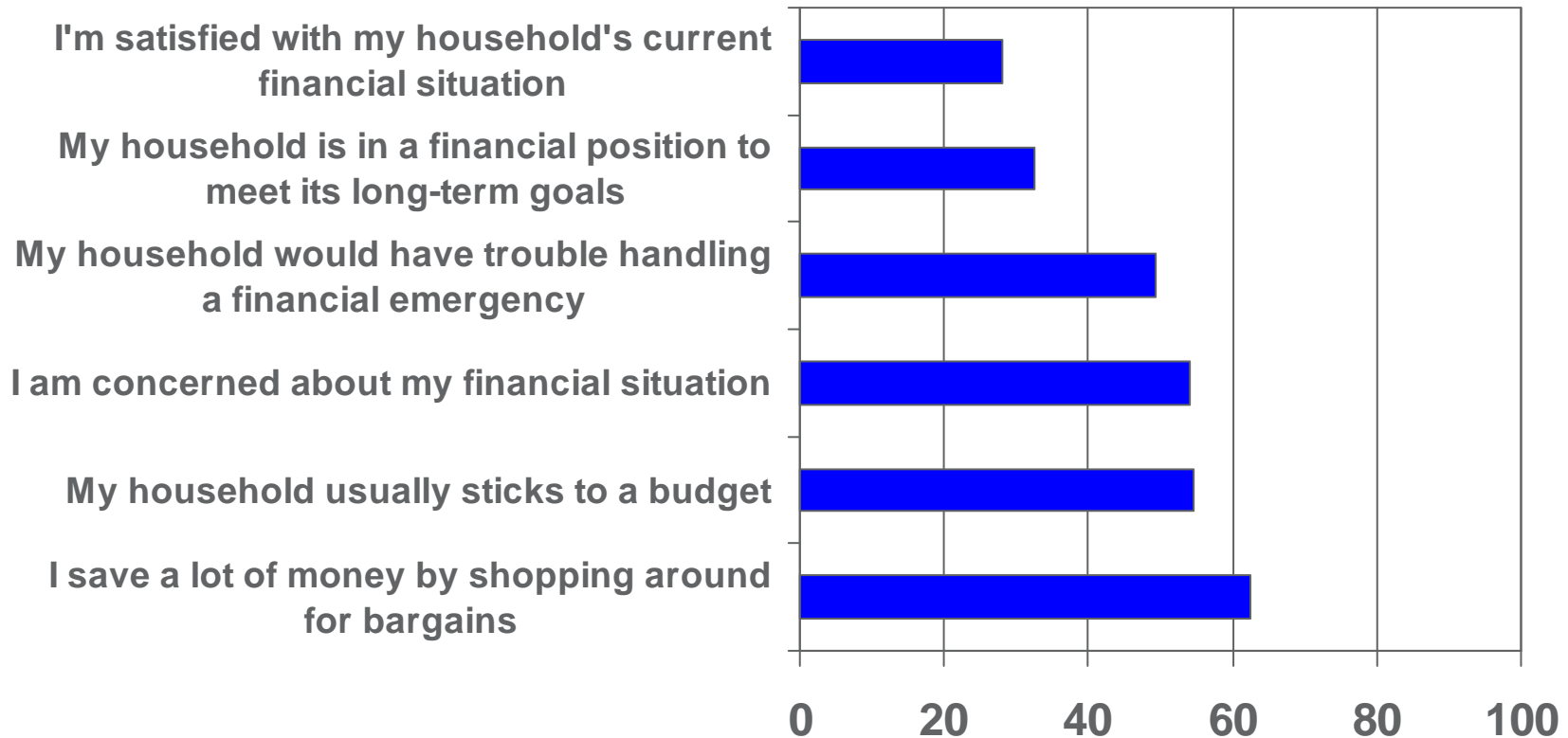
*“If people stay calm and not give into their fear, we will be okay.”*

# What are the Major Concerns?



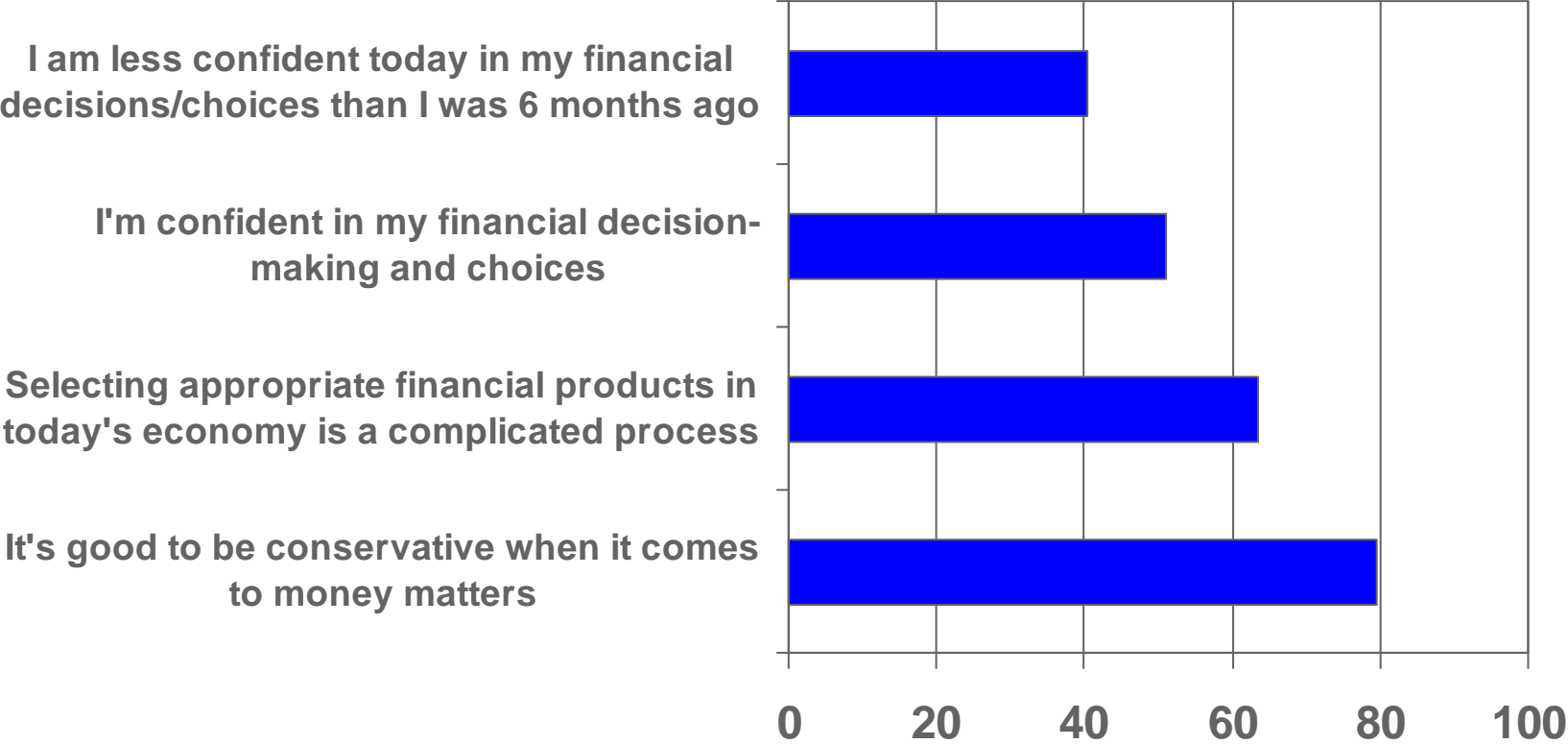
Top 2 box: Respondents who are extremely concerned or very concerned | N=3000

# Consumer Attitudes about Current Financial Situation



Top 2 Box : Strongly or Somewhat Agree | N=3000

# Attitudes about Financial Decision Making

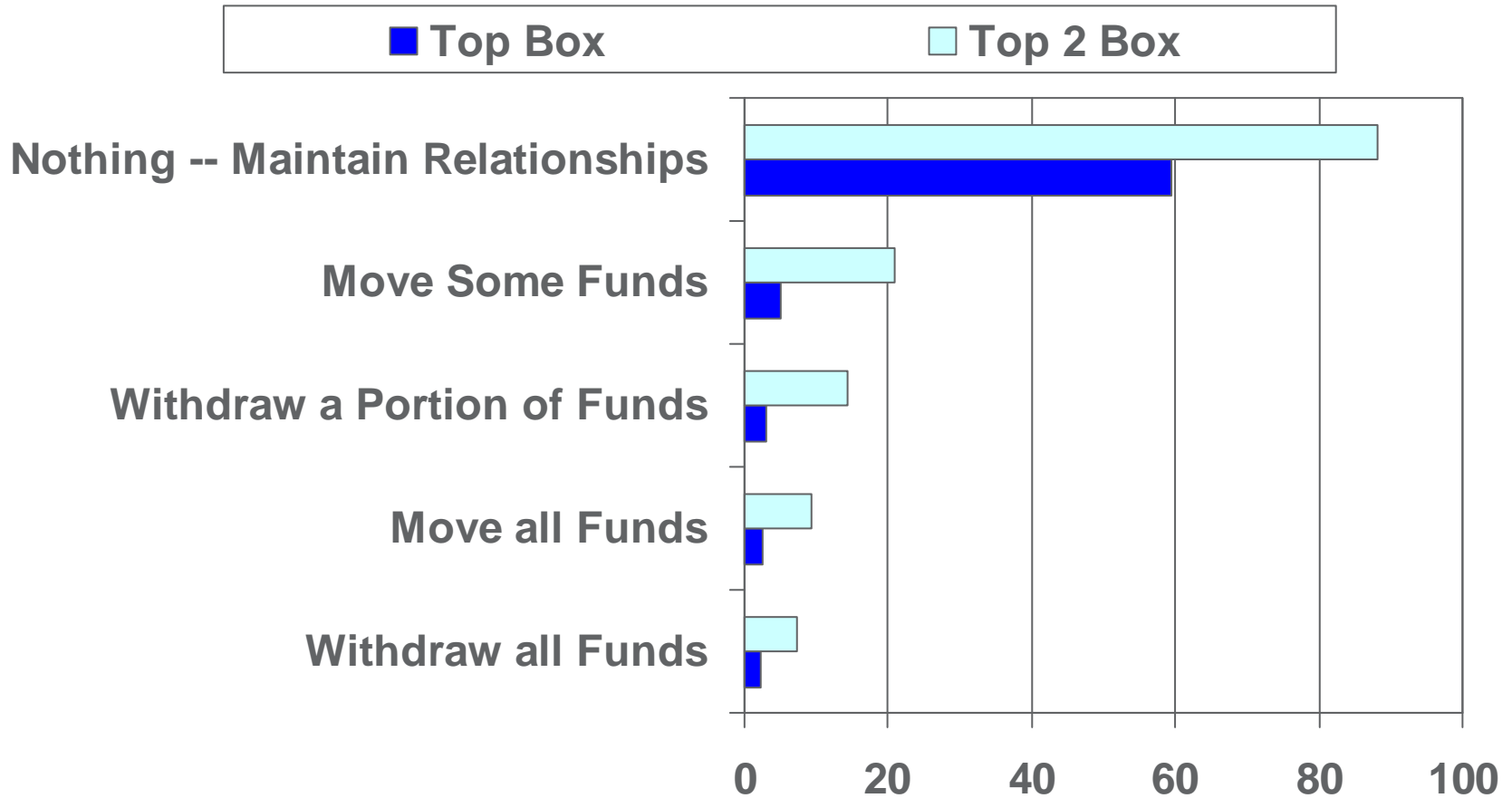


Top 2 Box : Strongly or Somewhat Agree | N=3000

# *Changes in Financial Behaviors*

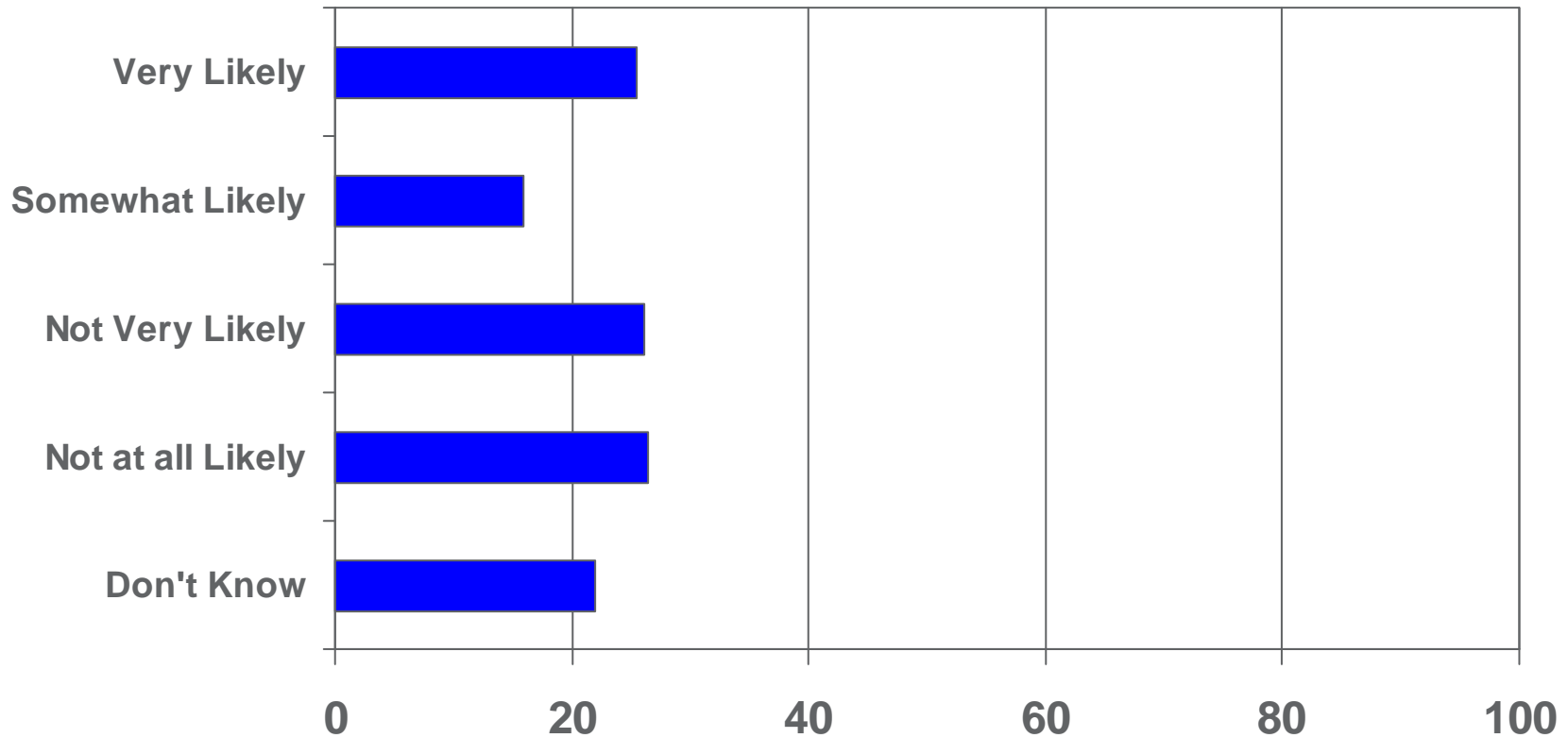


# What Will Consumers Do in the Short Term?



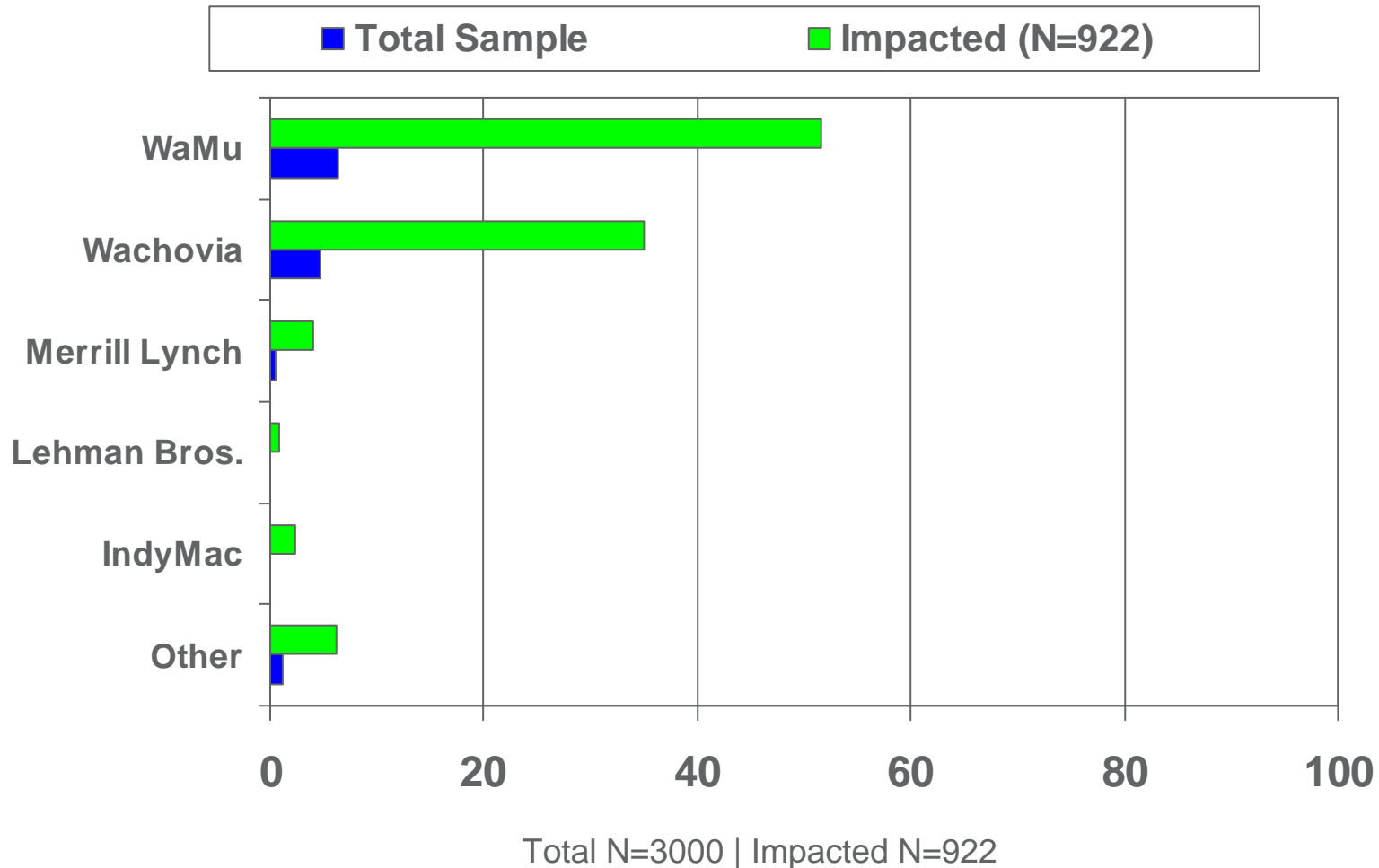
Top 2 box: Respondents who are Very or Somewhat Likely | N=3000

# Likelihood of Ending Relationship with Primary Financial Institution Due to Safety Concerns – Of Those Directly Impacted

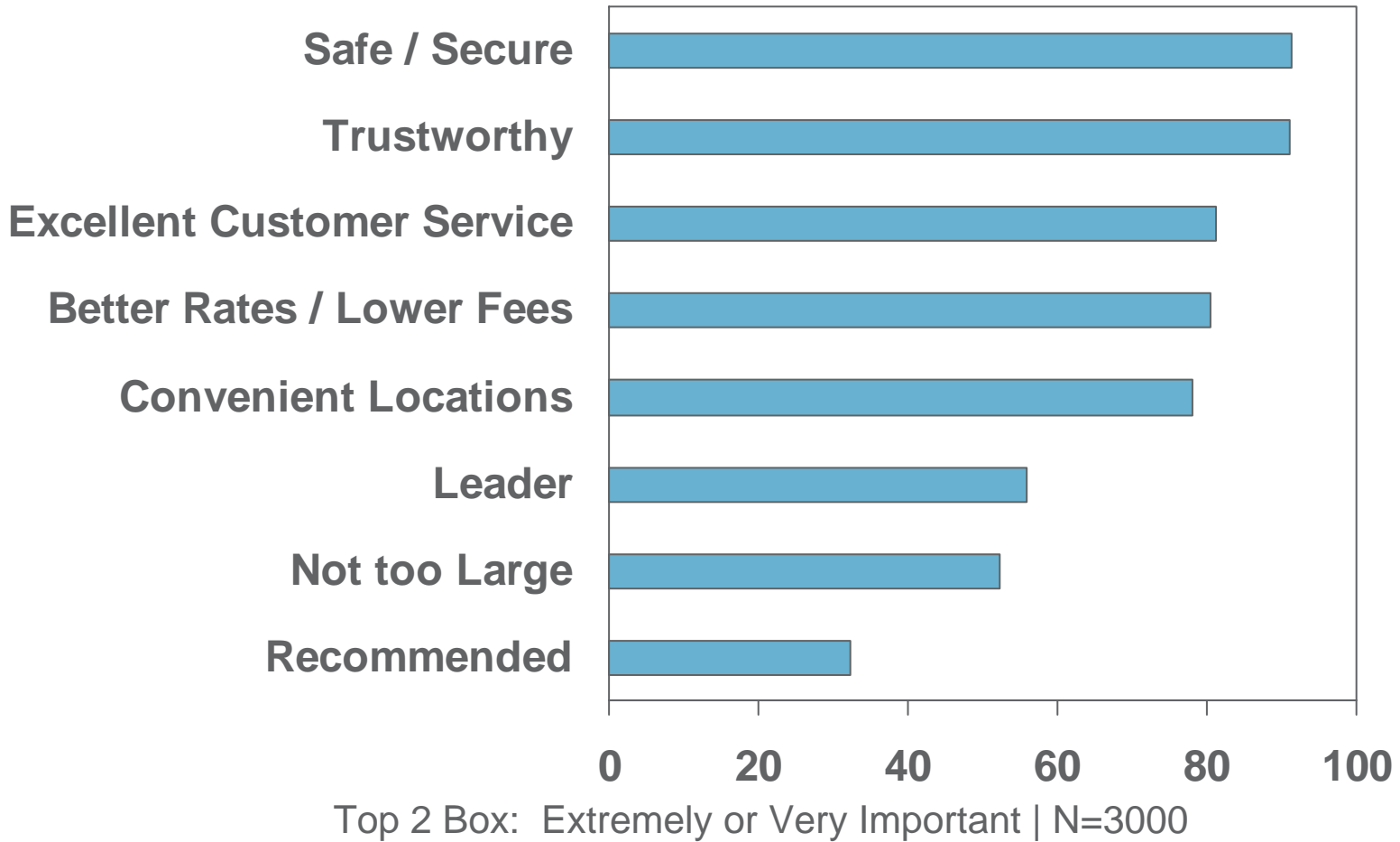


Likelihood of Ending Relationship with Primary Institution in Next Six Months | N=922

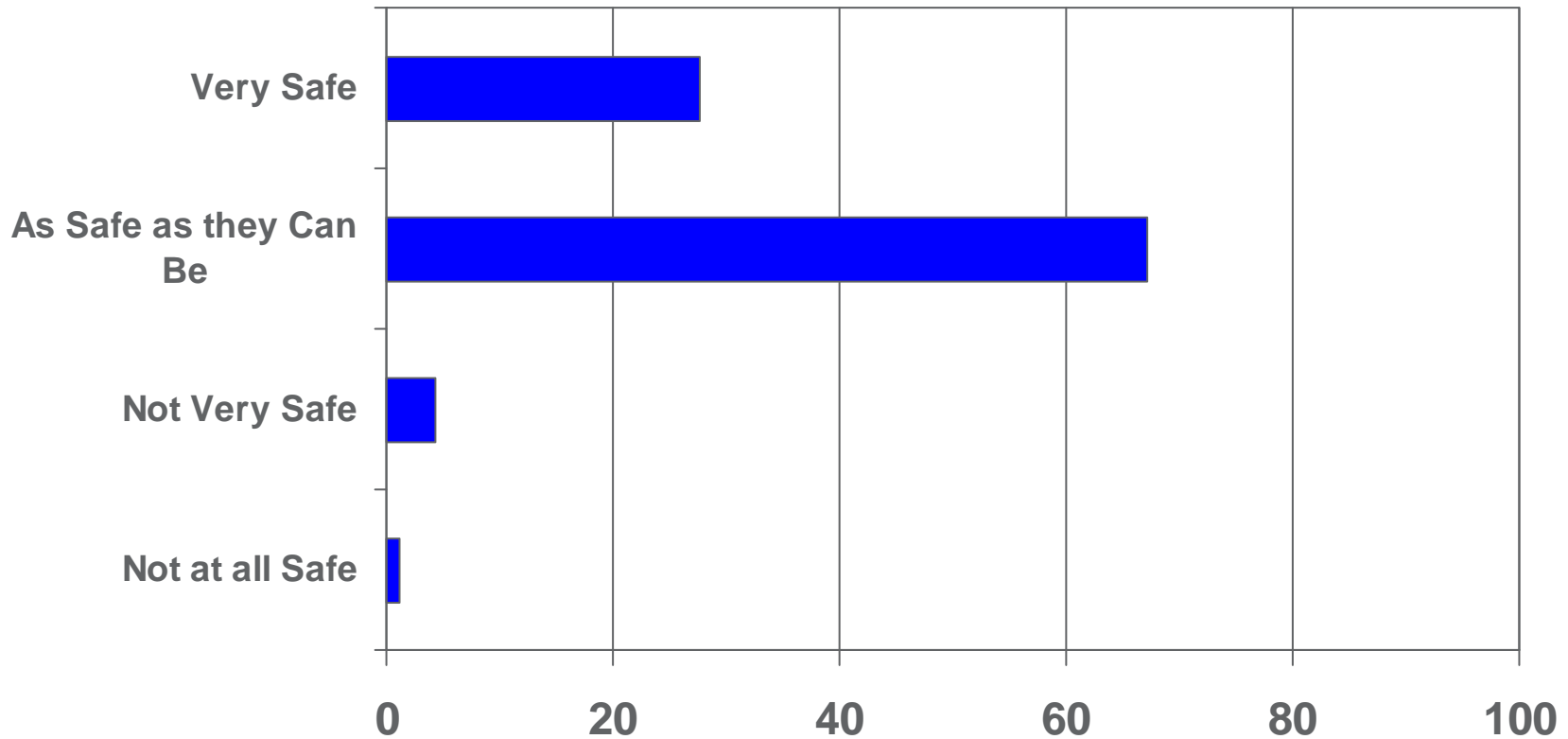
# Percentage Affected Directly by a Take-Over or Acquisition



# What is Important to you in Choosing a Financial Institution?



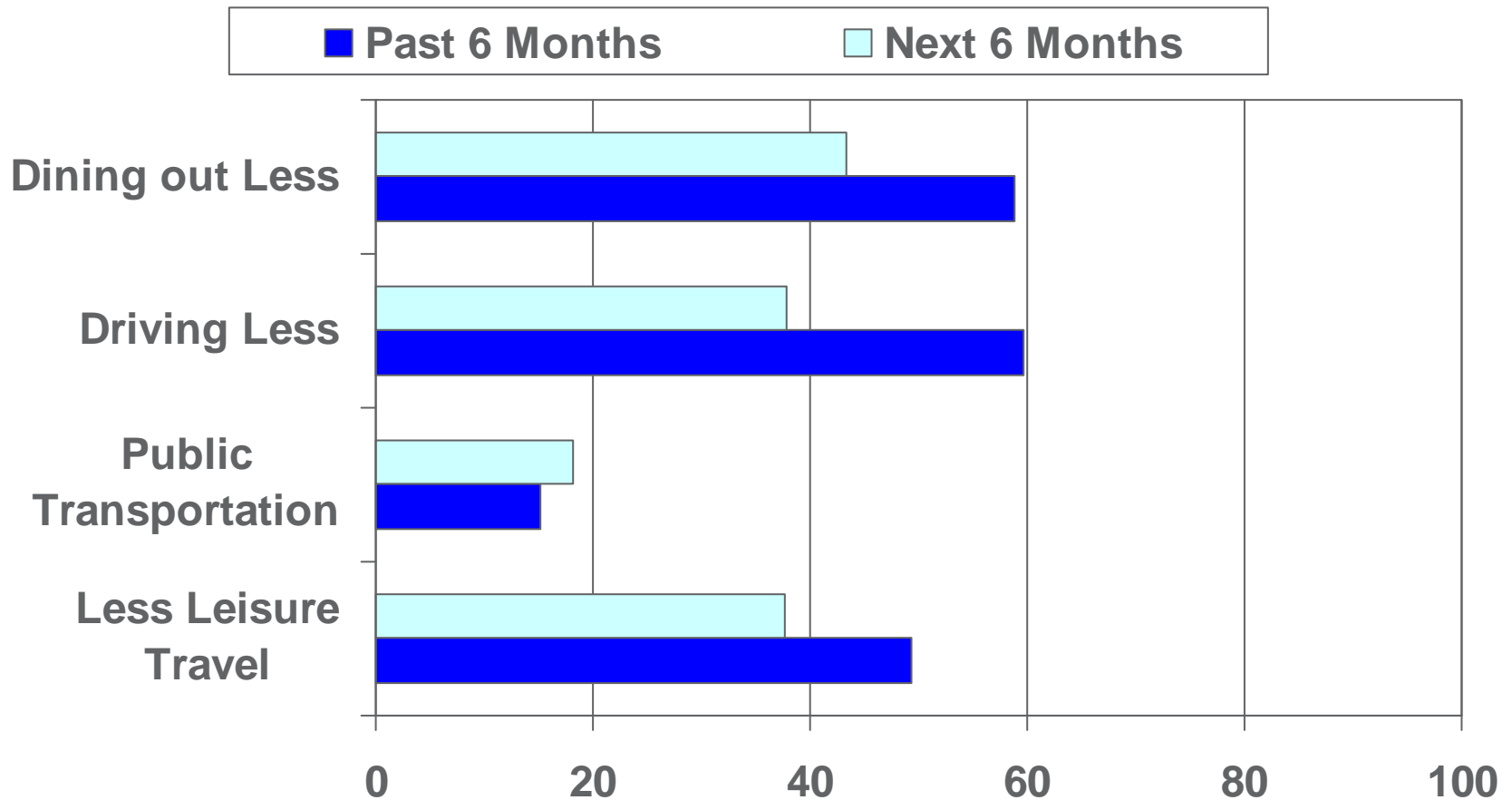
# Feeling of Security about Assets at Primary Financial Institution



Confidence in Primary Institution | N=2754

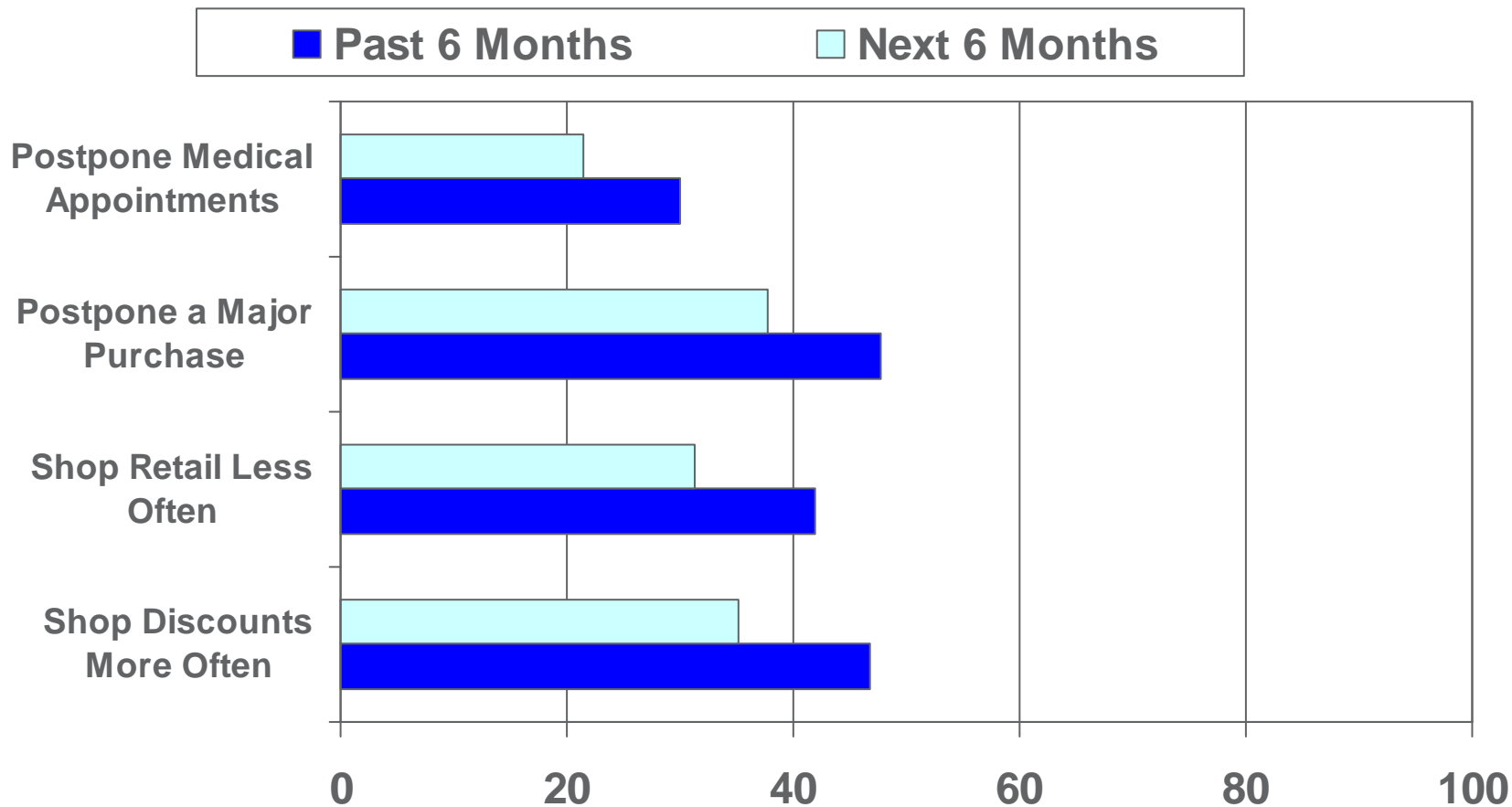
# *Other Lifestyle Changes*

# Lifestyle Changes – Travel and Dining



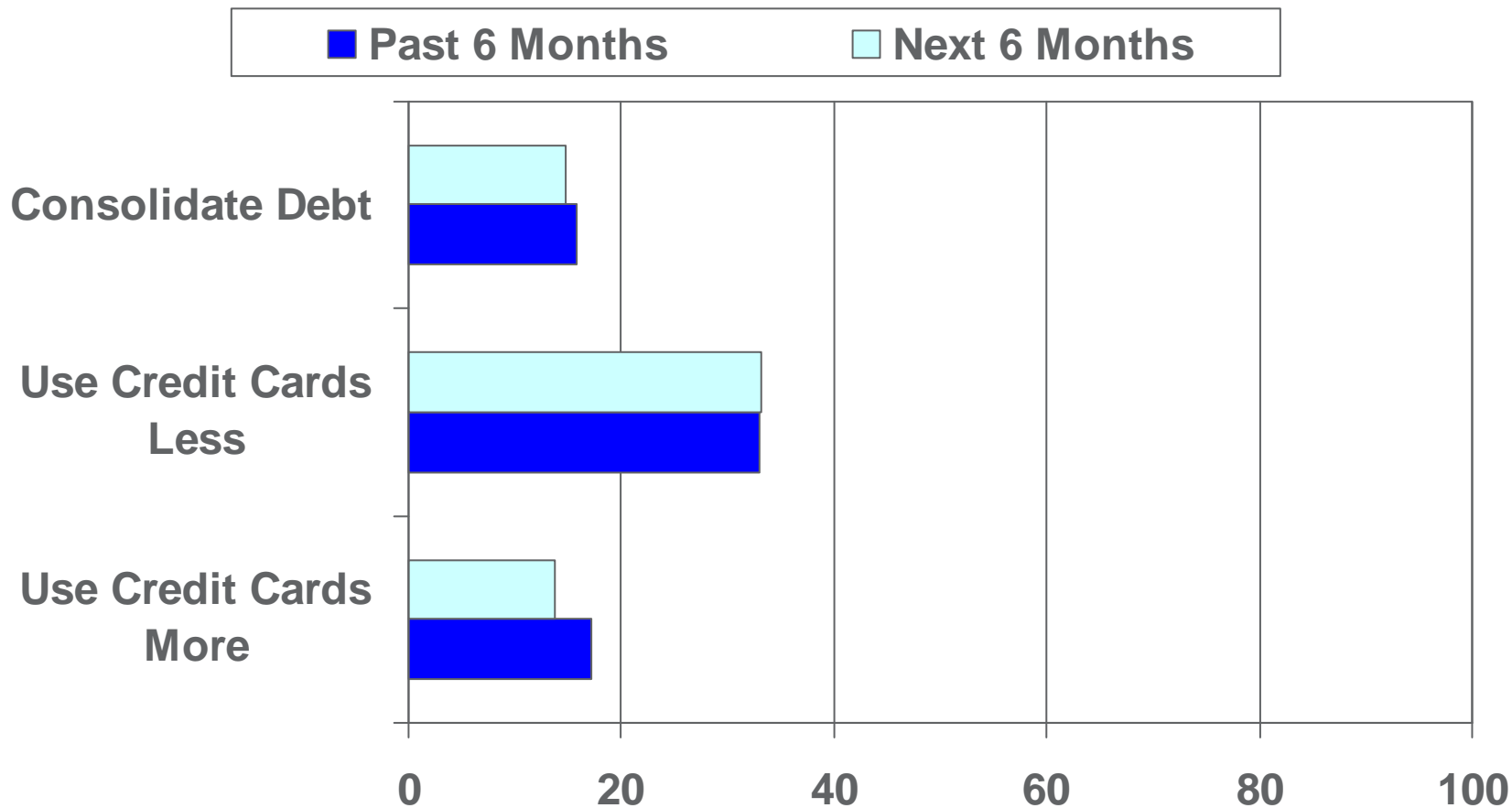
Respondents who changed or will change their lifestyle | N=3000

# Lifestyle Changes – Medical / Other Purchases



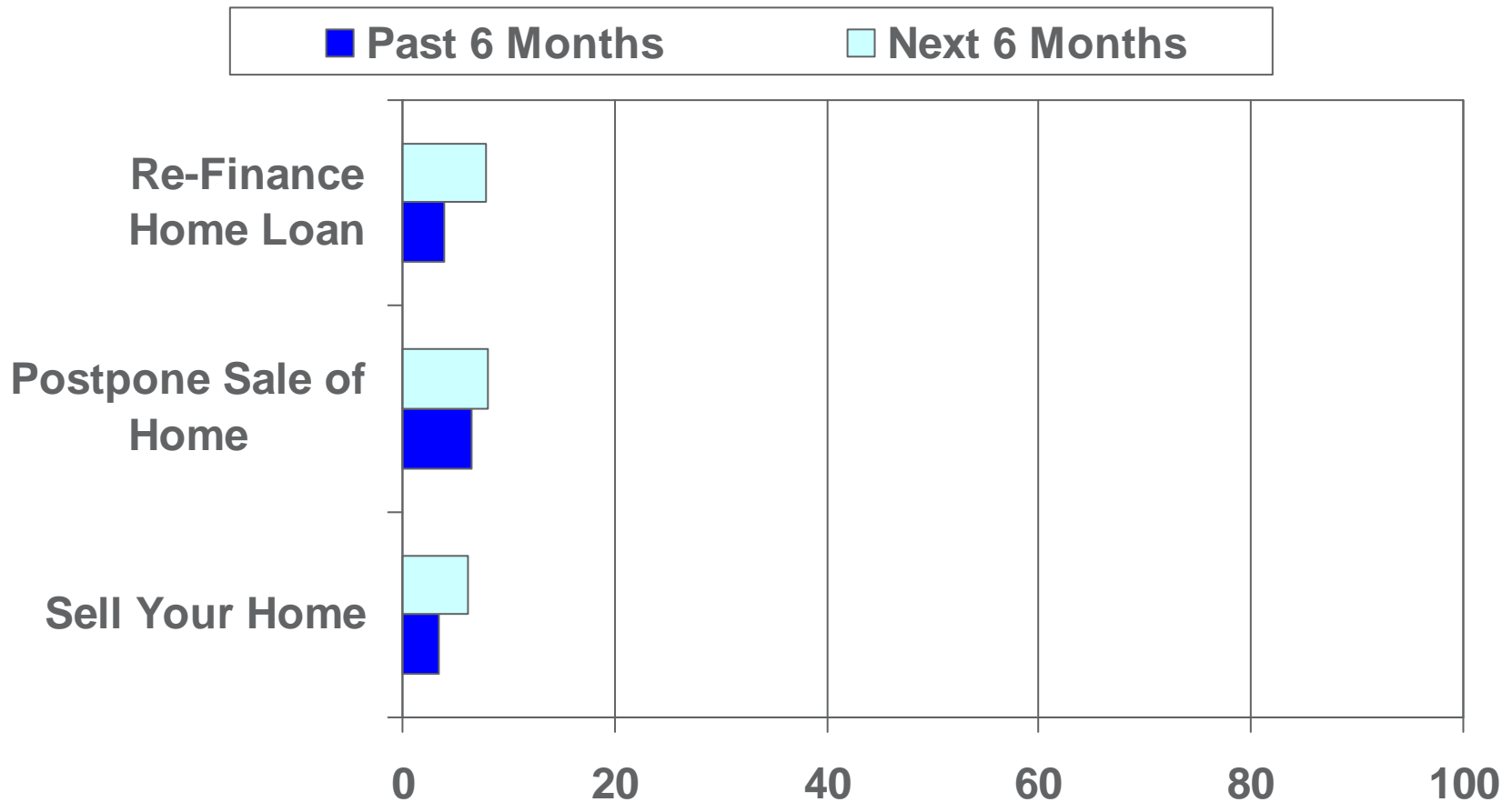
Respondents who changed or will change their lifestyle | N=3000

# Lifestyle Changes – Use of Credit



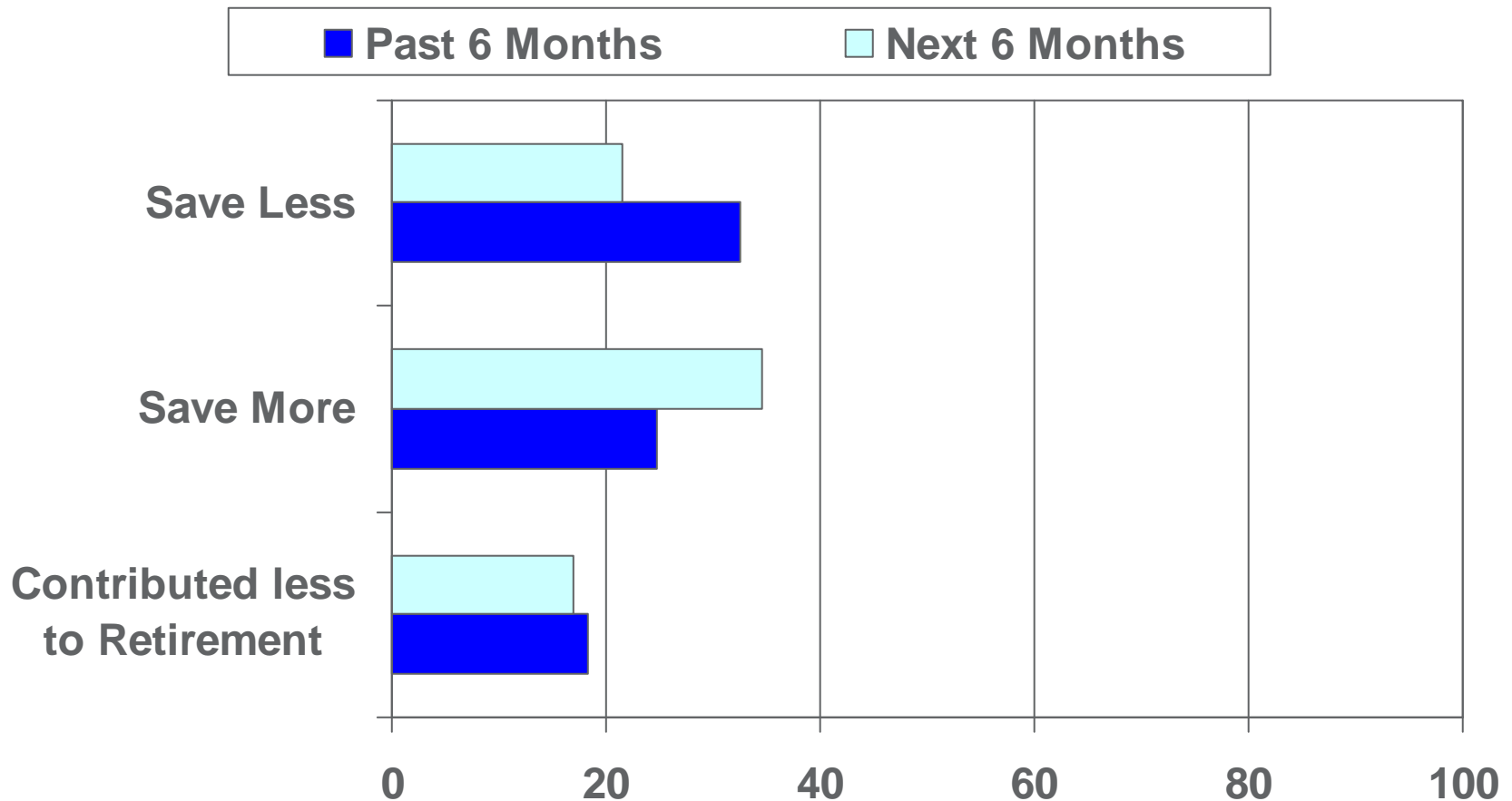
Respondents who changed or will change their lifestyle | N=3000

# Lifestyle Changes – Homes



Respondents who changed or will change their lifestyle | N=3000

# Lifestyle Changes – Savings



Respondents who changed or will change their lifestyle | N=3000

# Comments about Economy -- Saving

*“We will just hunker down and hope to survive.”*

*“There will be no spending for a long time; we have cut up all our credit cards.”*

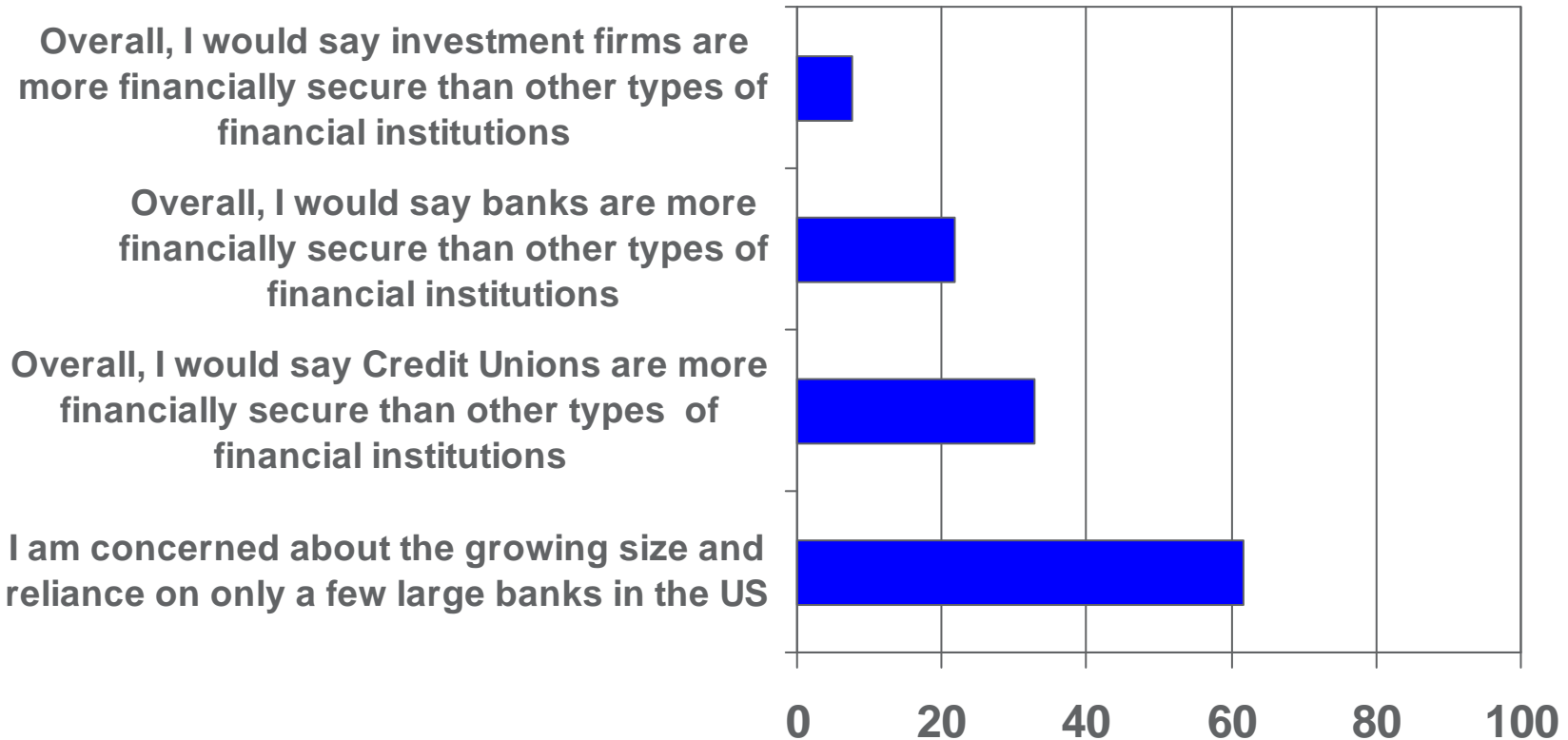
*“The market will come back. It always does. I’m 67. I just hope it comes back before my 14 year old car dies and I have to cash in some of my 403B for a down payment on a new one. Other than that, all is well right now.”*

*“The economic crisis has made me curtail my spending habits. In the future, I will continue to hold off on my spending until the economy gets better.”*

*“We will continue to purchase lottery tickets and hope for a winner.”*

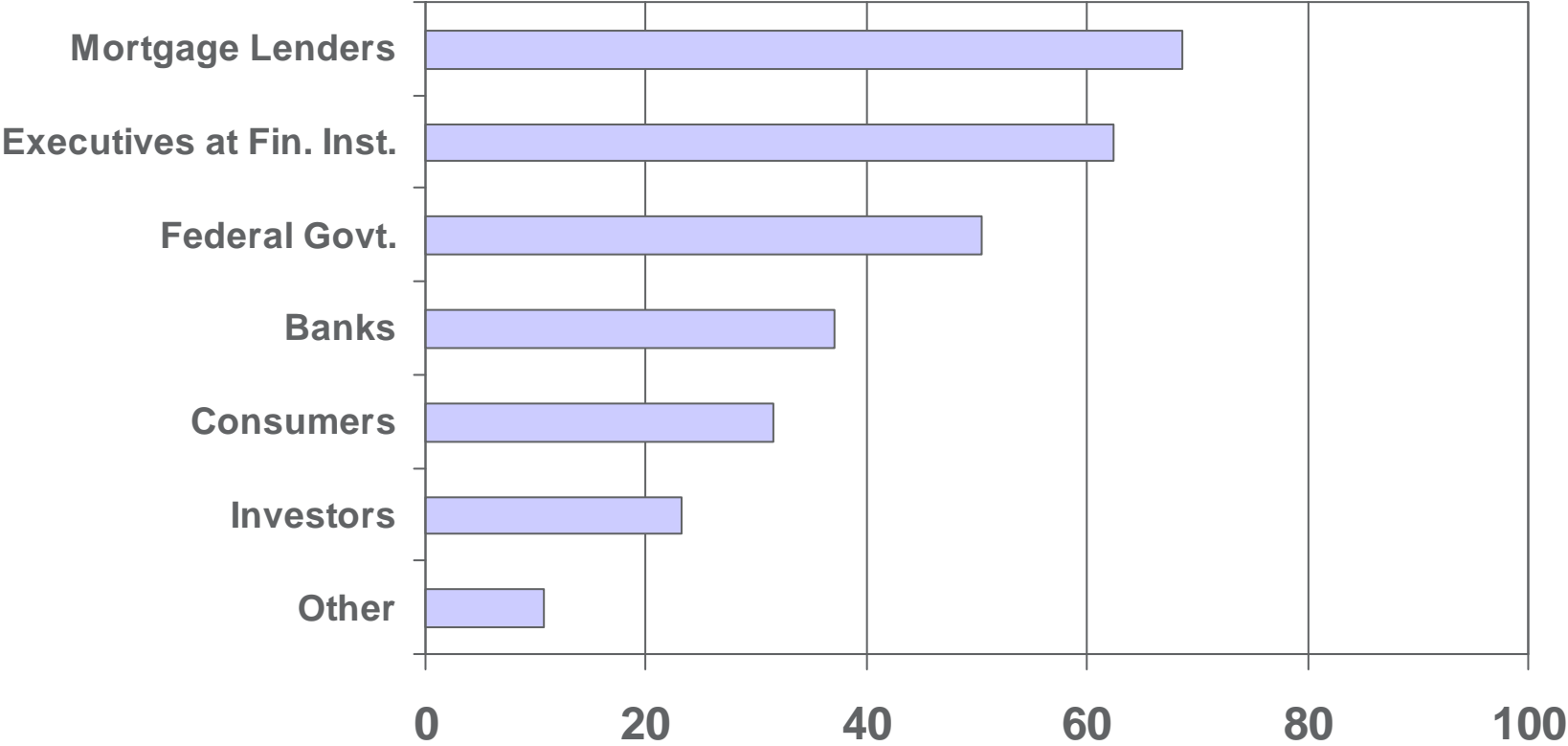
# *Impacts to Financial Institutions*

# Attitudes about Security by type of Financial Institution



Top 2 Box : Strongly or Somewhat Agree | N=3000

# Accountable for Current Financial Market Situation



Most Accountable for Current Financial Market Situation | N=3000

# Comments about Economy -- Dire

*“Will have to work until we drop dead.”*

*“Yeah, it’s bad; really bad!”*

*“It will take up to two years for this mess to settle out.”*

*“What a mess. I wonder if anyone has any idea how to solve it.”*

*“Wall Street greed is mostly responsible for the meltdown we are having. I hope many go to jail.”*

*“Too much greed.”*

*“Too many mortgage companies and institutions that handled mortgage-backed securities were too greedy and lacked vision of the house of cards they were building.”*

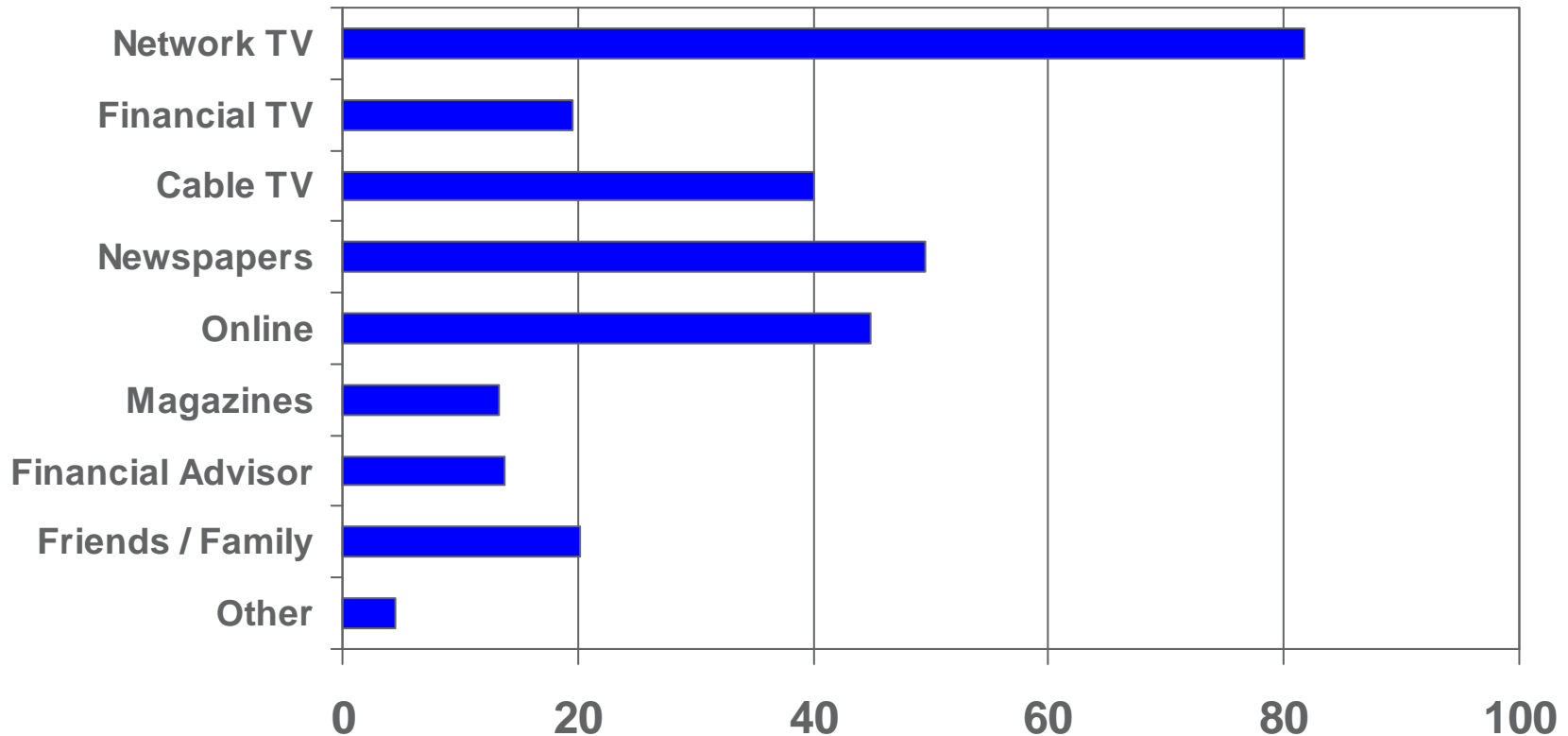
*“Unfortunately, my thoughts are unprintable.”*

*“They need to prosecute congress, financial executives, bank executives and mortgage executives. Put all these individuals in jail and throw away the key.”*

*“The economy is scary.”*

# News and Information Sources for Economy

- Almost 40% feel media coverage has made the economic situation seem worse than it is



Where HH gets most News and Information about the economy | N=3000

# *Conclusions*



# Nielsen Claritas Offering

- Consumer Sentiment data available
  - Respondent level
  - Survey data appended with syndicated Market Audit data
  - Special projects
- All attendees will receive an email which will include this content deck
- A recording of today's session may be accessed at [www.claritas.com](http://www.claritas.com)

# About Nielsen Claritas

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Products Mentioned in this webinar—

Market Audit

PRIZM

P\$YCLE