



SAVING AND BORROWING 2023

Report summary

1 Introduction

Finance Finland has surveyed households' saving and borrowing behaviour with an interval of one or two years since 1979. In 2003–2006, the survey was conducted twice a year, in 2007–2015 once a year, and in 2016–2023 every other year. The survey was conducted as phone interviews from 2003 to 2021. Since spring 2023, it has been conducted as an internet panel survey. This summary offers an overview of the survey's results.

The results are compared with previous surveys where applicable. The previous survey was conducted in spring 2021.

The target group of the survey involved Finns aged 15 to 79 years living in mainland Finland. The survey interviews were conducted between 22 February and 7 March 2023, and the final sample consisted of 2,522 respondents from across Finland. Due to the large sample size, the analysis also allowed for subgroup comparisons. According to Statistics Finland, there are about 4,400,000 people aged between 15 and 79 living in Finland.

The prevailing economic conditions and the change in the data collection method should be taken into account when interpreting the results of the survey?

The interviews were commissioned by Finance Finland and conducted by Norstat.

2 Summary of main results

The proportion of Finns who plan their finances has remained the same, but the average timeframe of such planning has shifted slightly. In the latest survey on Finns' saving and borrowing behaviour, the proportion of respondents who plan their finances for a maximum of six months had decreased from 54% to 46%. The proportion of respondents with short-term plans of a maximum of one month had dropped the most, falling 9 percentage points to 15%. At the same time, the proportion of those with long-term plans of three years or more had grown, which is a positive development.

Only about 43% of the respondents had more income than expenses and were therefore able to put money aside in savings and investments. This is a clear decrease from the previous survey's 67%. Correspondingly, the proportions of respondents whose expenses exceeded their income (18%) or whose income and expenses were equal (40%) had grown.

Finns' interest in saving and investing had decreased by a few percentage points from the previous survey. Some kind of savings or investments were held by 61% of the respondents in 2023 (64% in 2021).

About 64% of men and 57% of women had funds in either savings or investments. The age group of 70–79 years stood out in the survey: 68% of them had funds in either savings or investments. Regionally speaking, respondents living in the Capital Region had savings or investments slightly more frequently (65%) than the national average.

Savings and investment accounts and current accounts are the most popular method of saving and investing: 38% of the respondents had a savings and investment account, and 36% had a regular current account. Other popular investment options include funds (33% of respondents) and listed shares (20%).

Finns are still confident in their ability to save: 65% of the respondents were planning to save or invest funds in the next 12 months. Interest in saving and investing was the highest among 15–39-year-old respondents.

The intentions to save or invest have continued to grow. Of the respondents, 50% were planning to save or invest in 2019, 58% in 2021 and 65% in 2023. Savings and investment accounts and funds were the most popular options for prospective savers and investors. Among the respondents, 31% were planning to use a savings and investment account, while 27% were planning to save in funds.

Saving and investing was most commonly motivated by the need to have a backup fund for rainy days and other unexpected expenses. This was reported by 72% of the respondents, especially women. Other uses for savings and investments included preparedness for retirement (36%), purchase of various consumer goods (25%), purchase of a residence (22%) and leaving an inheritance (10%).

When respondents made decisions on where to save or invest, the most important criteria were convenience and good returns. As many as 63% of the respondents said that both of these factored highly in their saving and investment decisions. Other highly valued characteristics were the investment's low risk and safety (55%) and liquidity (55%).

Most respondents (63%) wanted to make their own investment decisions, but 37% preferred to support their decisions with investment advice. When asked how they would prefer to pay for investment advice or service, 70% said they wanted to have the fee included in the price of the investment products, while 30% wanted the fee to be a separate payment.

About 54% of the respondents currently had at least one loan. This is a slight increase from 2021, when the proportion was 51%. Debt rose above average in the age groups 30–39 years (74%) and 40–49 years (67%).

The most typical types of loan or credit were housing loan (28%), consumer credit from a bank (23%), student loan (14%) and non-bank instalment loan (12%).

The proportion of current housing loan holders has remained almost the same since 2019 (29%). Housing loans are the most common among 30–49-year-olds (50%) and residents in cities with a population of 10,000–30,000 (35%). Housing loans shared between spouses (60%) were more common than housing loans with a sole borrower (39%). The proportion of first-home loans was 48% and loans for subsequent homes 52%.

As many as 68% of the respondents with a housing loan had prepared for interest rate increases. Preparedness was more common among borrowers aged below 30 years and borrowers living in the Capital Region or a city with a population over 150,000. The most typical ways to prepare for interest rate increases were back-up funds/savings/buffers (33%), interest rate cap/hedging (22%) and planning/budgeting/general awareness of the possibility of rising interest rates (15%).

One in four respondents with a housing loan (24%) perceived risks in their loan. This proportion is growing: in 2019 it was 14%, and in 2021 it was 18%. Respondents aged 15–39 years perceive more risks in their housing loans. The most widely reported of such risks is the risk of high or rising interest rate.

Consumer credit or investment loan was held by 34% of respondents.

Average loan servicing costs consumed 24% of take-home income, which is slightly more than in the previous survey (21%).

Of the respondents with at least one loan or credit, 22% had taken out payment protection insurance. The proportion had dropped by a few per cent from the 25% in 2021. Payment protection insurance was the most common in the age group 30–39 years (32%).

On average, 66% of those with a loan or credit had followed the original repayment plan, and 26% had changed their plan by paying back the loan either faster (24%) or slower than originally planned (71%). Those who delayed the repayment of their loan reported reasons such as decrease in income/economic situation (31%), employment/work situation (16%), unexpected expenses (9%) or changed situation in life (9%). Roughly a quarter (23%) of the respondents with a loan or credit had arranged a repayment holiday or holidays within the last 12 months. This is nearly on the same level as in the previous survey (25%).

On average, 28% of borrowers had an interest rate cap in their loan. This was a slight increase from 2021, when 25% had purchased an interest rate cap. The popularity of interest rate caps was higher than average among respondents under the age of 40.

Of respondents with housing loans, 67% had a variable rate on their loan, 11% a fixed rate and 7% a combination of these. 15% were unsure what kind of interest rate their housing loan had. Compared to the previous survey, these proportions are more or less unchanged.

Interest rate changes affected the size of the housing loan's monthly repayment for 42% of the respondents, while 47% paid out their loans in fixed instalments. The proportion of respondents whose instalments changed with interest rate changes had grown slightly from 2021.

About 12% of the respondents said they were planning to take out a new loan or credit within the next 12 months. This was a slight increase from the 10% in the previous survey in 2021. Plans to take out a new loan or credit were more common than average among respondents under the age of 30.

Of the respondents planning to take out a new loan or credit in the next 12 months, 35% planned to take out a housing loan, 31% a consumer credit from a bank, 25% a student loan, 9% a non-bank instalment loan, 9% an investment loan and 6% a fast cash or payday loan. In addition, 54% of the respondents were also planning to have an interest rate cap on this loan or credit. Under-30-year-old respondents were more likely to plan the purchase of an interest rate cap.

Nearly three quarters of the respondents (72%) said they felt their personal economic situation was threatened by something, which is a marked increase from the 56% in 2021. The most widely reported risk or threats included a decrease in income (39%), unemployment (26%), savings or investments losing value (22), property losing value (15%) and lay-offs (11%). In addition to unemployment, there was clear growth in the perceived threat of savings, investments or housing losing their value.

Of the respondents who reported feeling financially or economically threatened, 33% also reported they had prepared against potential risks by accumulating savings or another kind of financial buffer. Another 33% said they had prepared either poorly or not at all.

Finance Finland
Itämerenkatu 11-13
FI-00180 Helsinki
Finland
www.financefinland.fi

