

Investment Trends



The Government's Guarantee on Bank Deposits

IFSA: Deposits

Key findings

Survey concluded: June 15 2009
Report finalised: June 22 2009

Research scope and methodology

This Report is based on a detailed quantitative survey of 1056 adult Australians conducted 19th-22nd June.

Maximum sampling error for this group is $\pm 3.0\%$ (95% confidence interval, centre of the range).

The sample was sourced from Investment Trends panel and other opt-in research panels.

Respondents were post weighted slightly to ensure correct distribution by age and income: (As per 2006 Census of Population and Housing). We note that some results are sensitive to the investable assets of responses. Where appropriate, we have used other to statistical methods to ensure results are representative of the adult Australian population.

Key findings

Some 15% of the adult Australian population were not aware of the government guarantee on bank deposits. Older people and those with higher incomes are more likely to be aware of the guarantee.

When asked how long they thought the guarantee would last, only 8% stated it would last 2.5 to 3 years, 50% for a shorter duration, 6% thought it would last longer and 18% said they didn't know.

Only about a quarter (28%) correctly said that the guarantee covers \$1 million. 29% thought it covered a smaller amount and 14% and larger amount. Again, 14% didn't know and 15% weren't aware of the government guarantee.

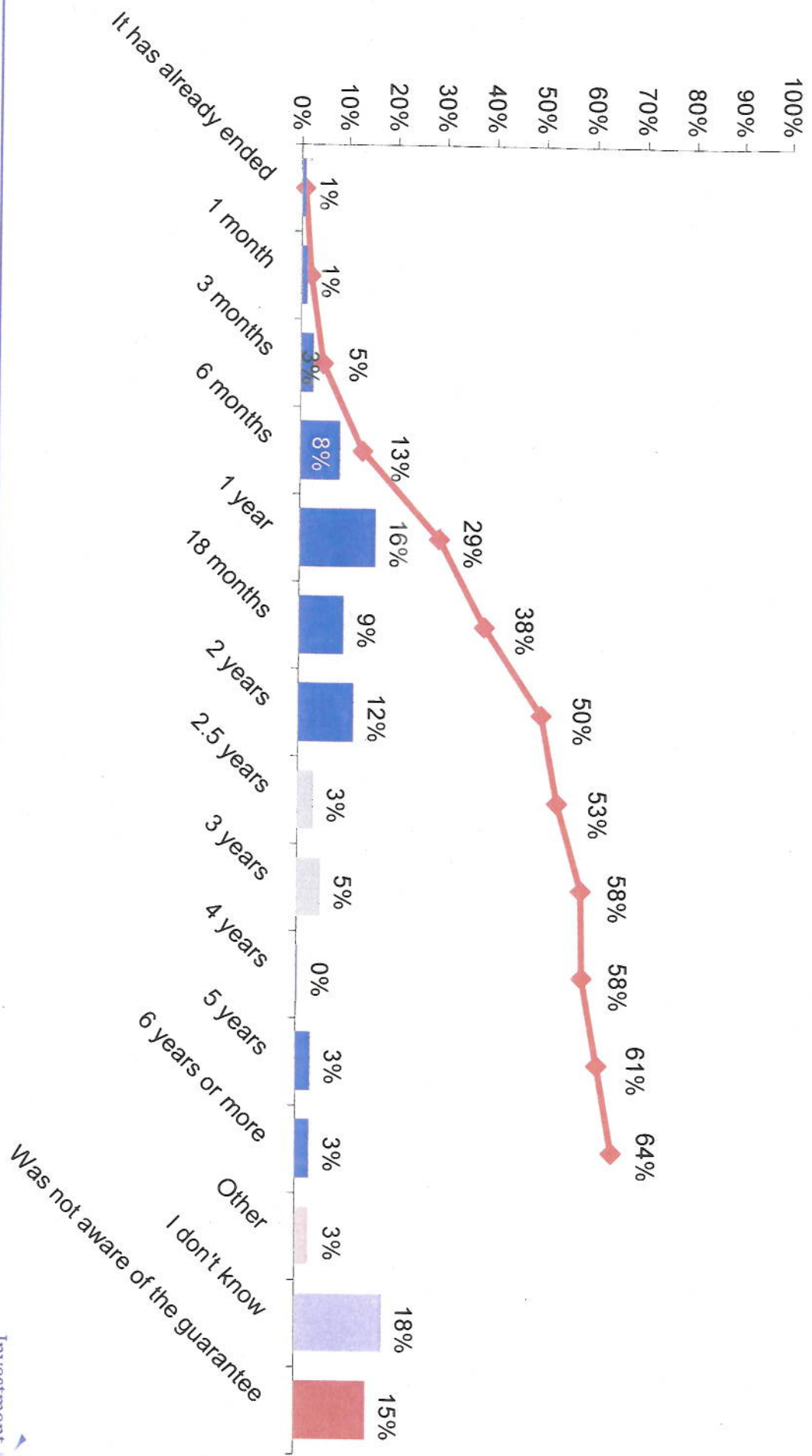
Australian adults had an average of \$29k deposited across all bank accounts (including term deposits/online savings accounts), compared to \$24k at the same time last year.

30% say they would feel comfortable investing money in banks with no guarantee after the global financial crisis has passed. There was no commonly selected amount where a high proportion said they would be comfortable:

- 8% said they would be comfortable with a \$50k guarantee,
- 10% with a \$100k guarantee
- 9% with a \$1 million guarantee
- 10% with a guarantee of more than \$2million

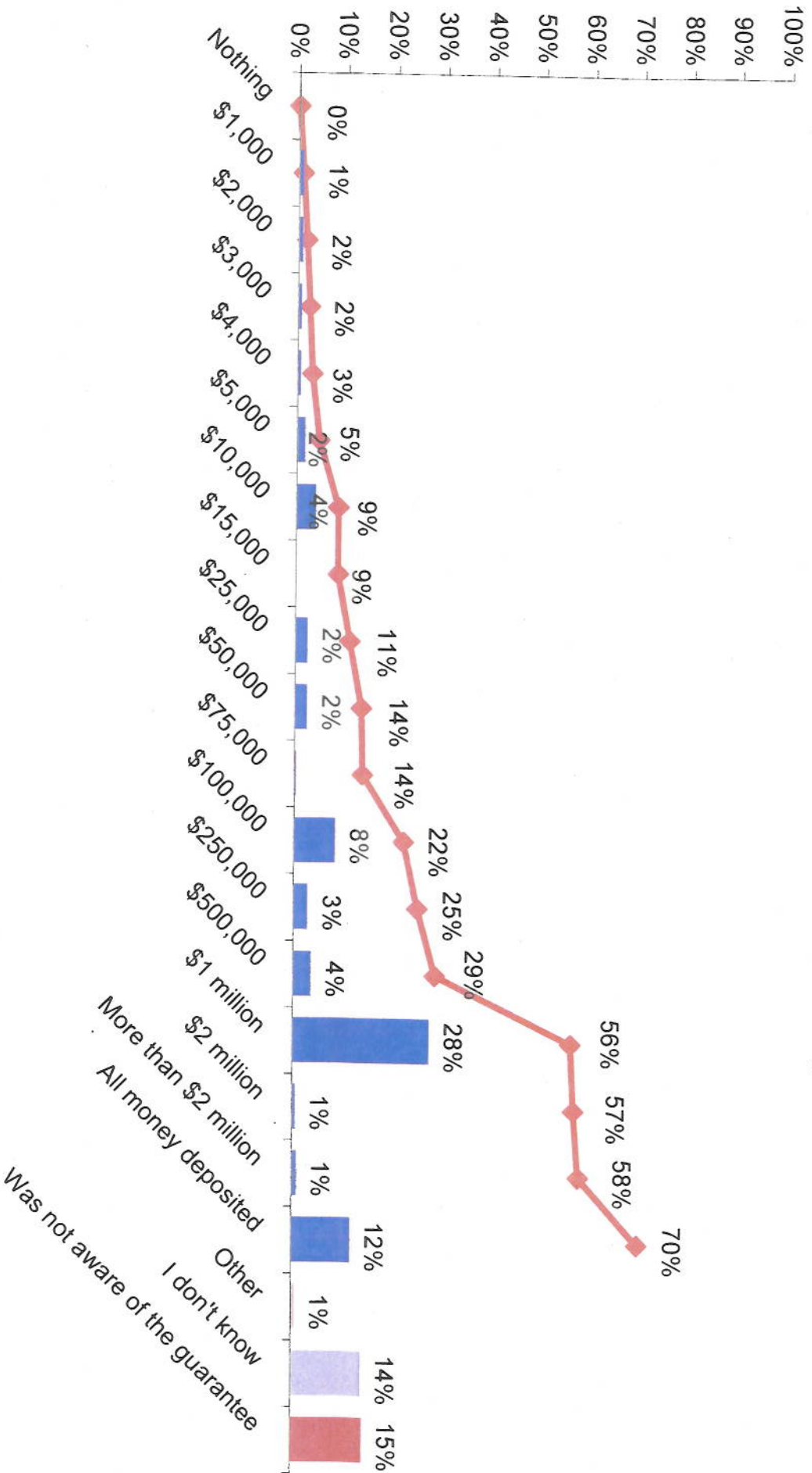
15% are not aware of the government guarantee on bank deposits and 18% said they don't know how long it will last. Only 8% thought it would last 2.5 to 3 years. 6% thought it would last longer and 50% for a shorter duration

Q1 How long do you think the government guarantee on bank deposits will last? [n=1004]



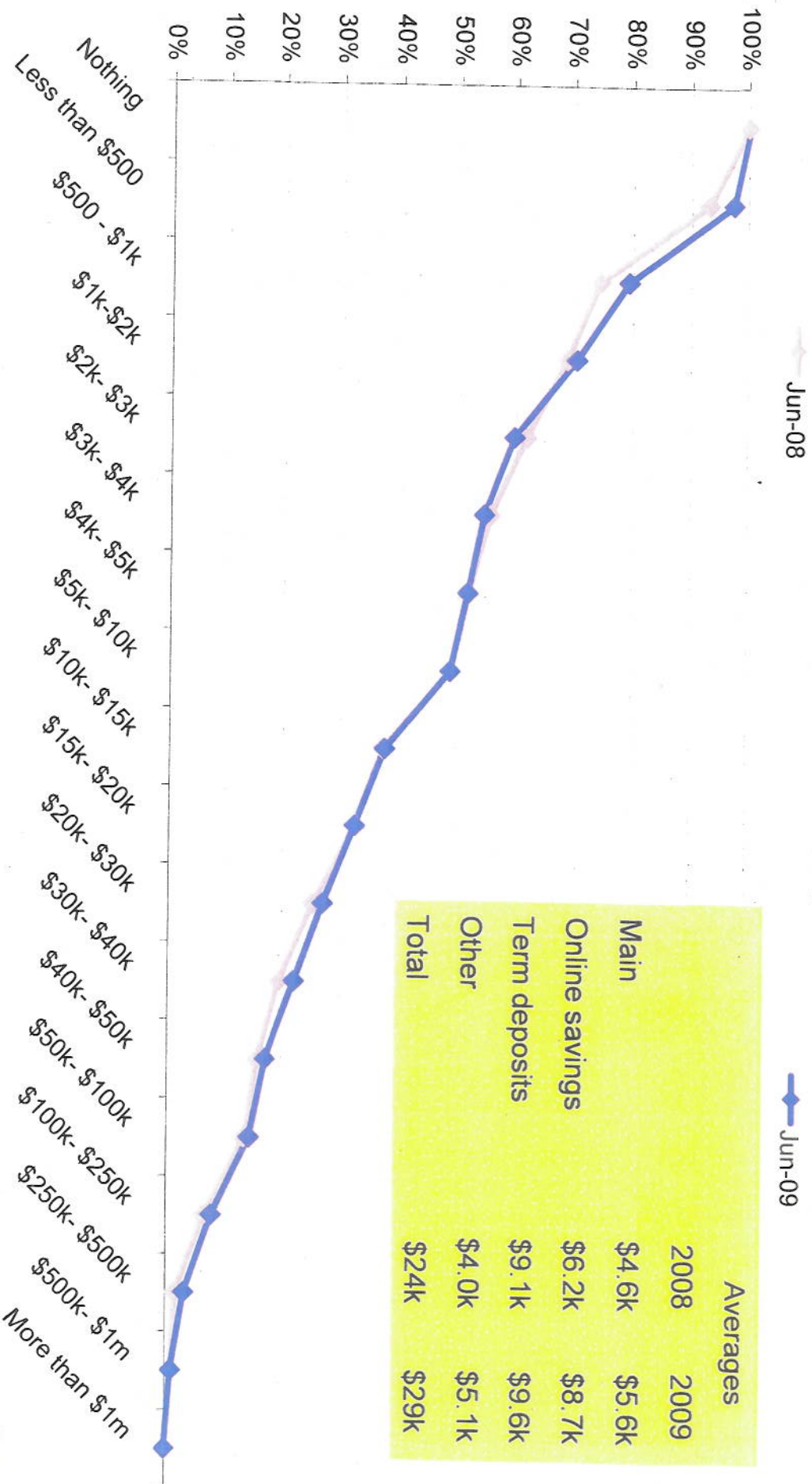
28% correctly said that the guarantee covers \$1 million. 29% said it covered a smaller amount and 14% and larger amount

Q2 What is the maximum amount of money that you think the government bank guarantee covers for bank deposits? [n=1012]



Australian adults had an average of \$29k deposited across all of their accounts, compared to \$24k at the same time last year.

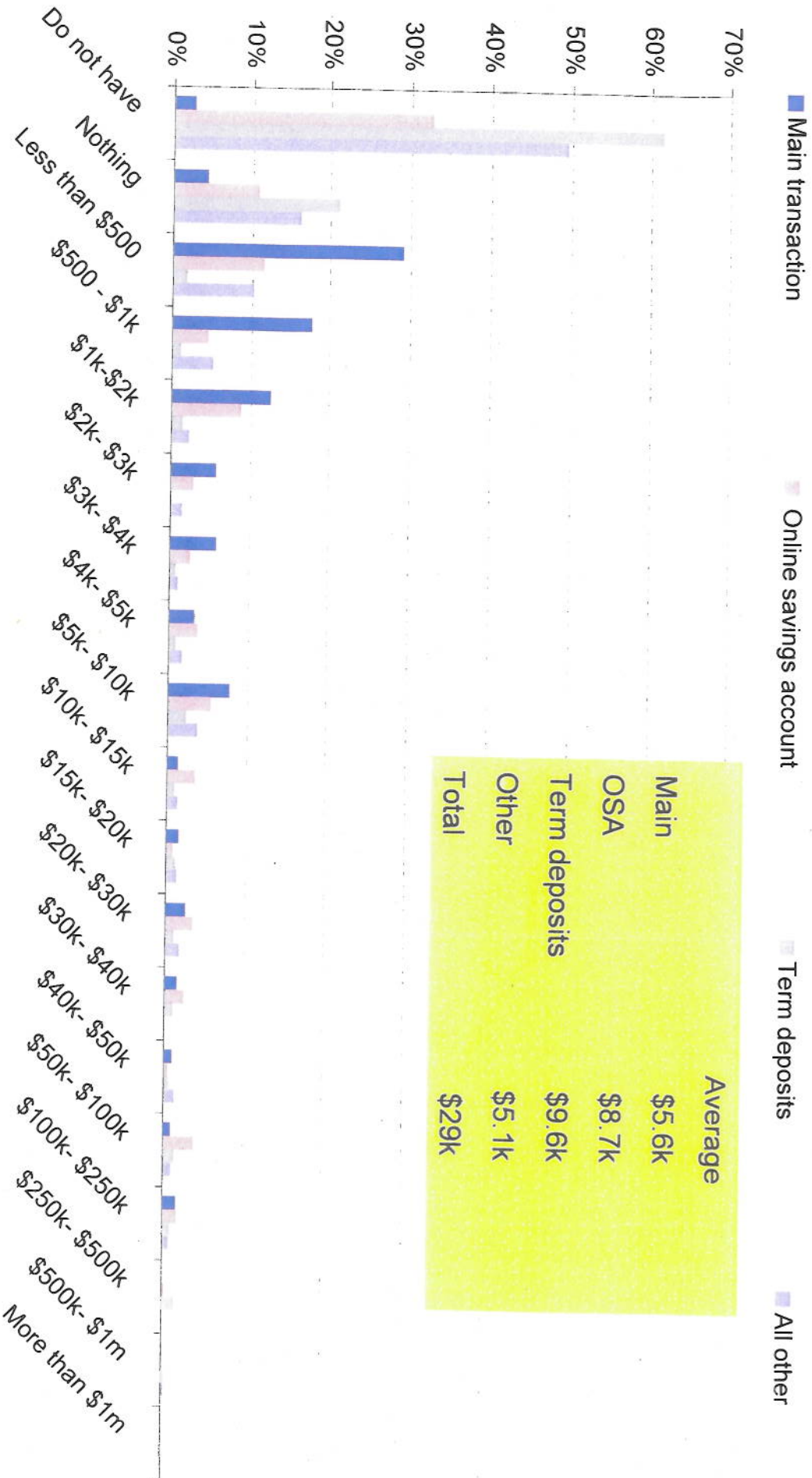
Q7 and Q8 How much money do you have in all of your bank accounts now and in June 2008? Cumulative proportion



	Averages	
	2008	2009
Main	\$4.6k	\$5.6k
Online savings	\$6.2k	\$8.7k
Term deposits	\$9.1k	\$9.6k
Other	\$4.0k	\$5.1k
Total	\$24k	\$29k

Bank accounts used: Now

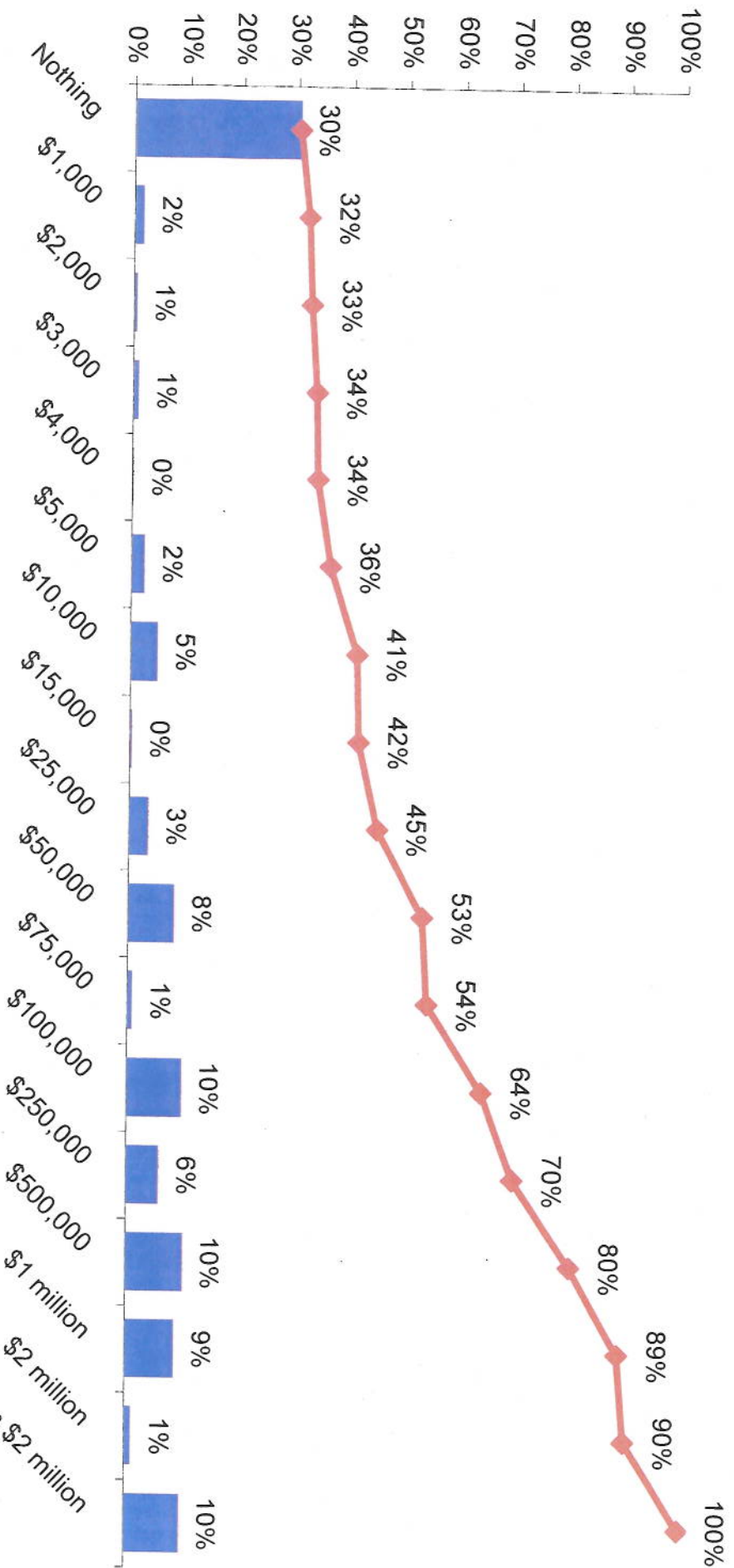
Q7 How much money do you currently have in your bank account? [n=999]



30% say they would feel comfortable investing money in banks with no guarantee after the GFC has passed. 8% said they would be comfortable with a \$50k guarantee, 10% with a \$100k guarantee, 9% with a \$1 million guarantee and 10% with a guarantee of more than \$2million. We note that those with higher incomes were relatively more likely to say "nothing"

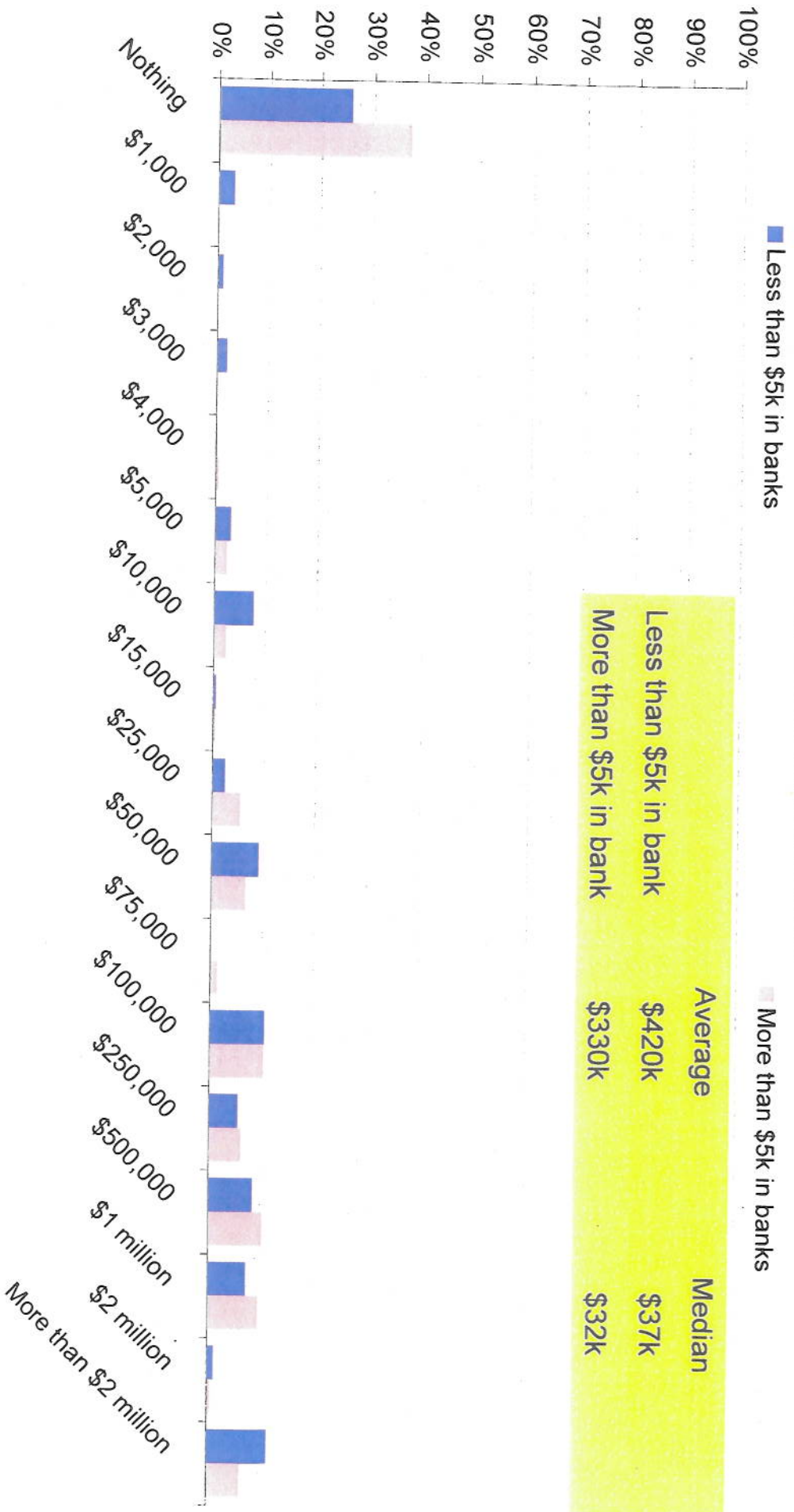
Q4 Once the global financial crisis has passed, how much money should the guarantee cover you for, so that you feel comfortable to place money in banks?

[n=1004]



Those with less money in banks are more likely to say they would like a government guarantee on bank deposits after the GFC has passed

Q4 Once the global financial crisis has passed, how much money should the guarantee cover you for, so that you feel comfortable to place money in banks? By money held in bank accounts



	Average	Median
Less than \$5k in bank	\$420k	\$37k
More than \$5k in bank	\$330k	\$32k

Analysis:

Mark Johnston, Principal

Dr Alex Woolaston, Analyst

Audience:

Adult Australians

Data collected:

June 19th-22nd 2009

Collection method:

Online surveys

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Investment Trends is the leading specialist market research organisation in the Australian wealth management industry. We provide new insights and decision support information to over 100 leading financial services businesses. We combine analytical rigour and strategic thinking with the most advanced research and statistical techniques to help our clients gain competitive advantage.

Investment Trends is headed by Mark Johnston. Mark has been a leading industry analyst in the brokerage, wealth management and financial planning industry since 1999, and has been widely quoted in the Australian media.

Our work is focused on helping clients answer three fundamental questions:

1. How does the market currently work?
2. How is the market evolving?
3. How do I improve business outcomes:
 - Acquire more customers
 - Retain more existing customers
 - Increase revenue per customer
 - Prioritise technology and process investments

Investment Trends' clients include all of the top five Australian banks, the top 10 investment platform providers, the top five online brokers, as well as industry regulators, leading margin lenders, dealer groups and financial planning software providers.

Investment Trends

The logo for Investment Trends features a stylized blue 'X' shape composed of two overlapping curved lines, positioned between the words 'Investment' and 'Trends'.

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