

The consequences of recession in Slovenia

The recession has definitely brought about changes in the way we, as consumers, feel, experience and behave in the context of managing money. The times of surplus, abundance and success are past and what the future holds is... well, in fact, no one is exactly sure. As a result, we feel anxiety. Because of the uncertainty of how each of our stories will unravel, we feel a need to have greater control and to be more careful.

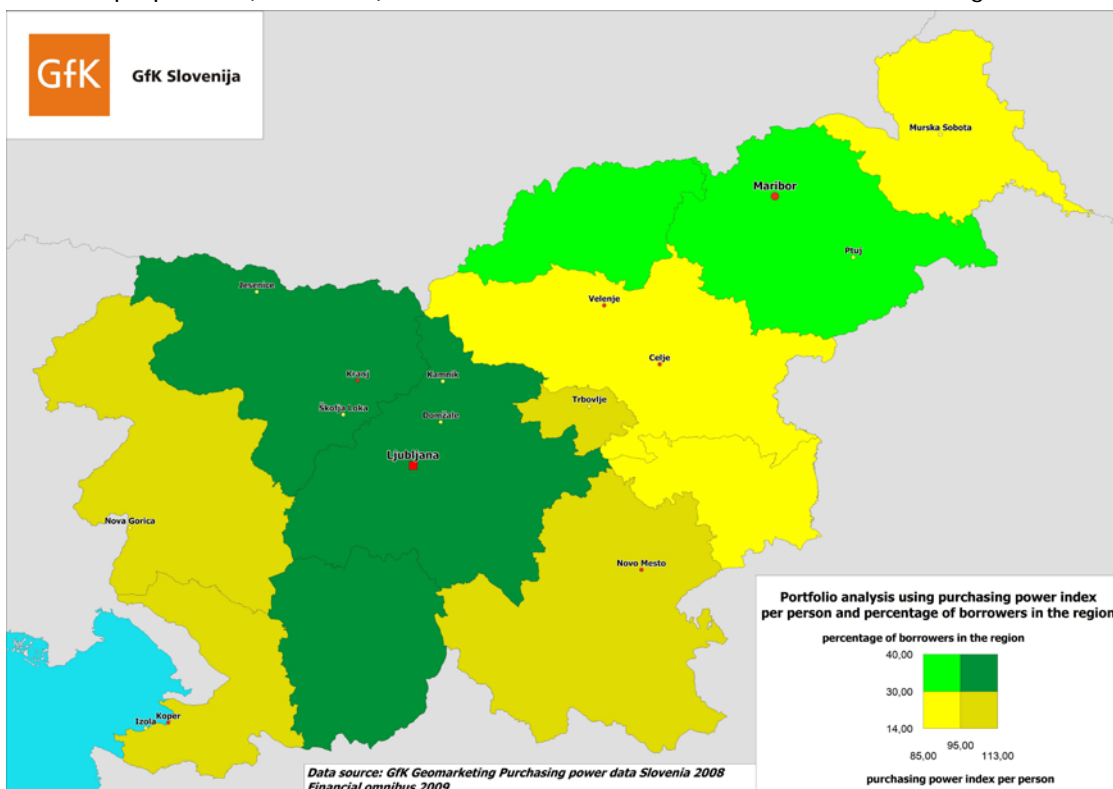
When it comes to spending money, this certainly makes us more prudent than before. At first, we postponed all our more substantial purchases. The 25 percent decline in sales of new cars is a sure indicator that the global trend so much talked about is also present in Slovenia. Slovenians, too, are abstaining from luxury. Amongst the goods that we are likely to reject most often are exactly the ones which enrich our lives and provide the sense of luxury. The fact that the definition of luxury is dependent not only on each individual's value system but also on various objective circumstances must not be ignored. We will be saving the money that we usually spend on our leisure activities; next on the list will be sweets, clothes, footwear and holidays. But it will not stop there - the end point will, of course, also depend on each person's own financial capabilities. And for Slovenians, food will doubtless be at the bottom of the list!

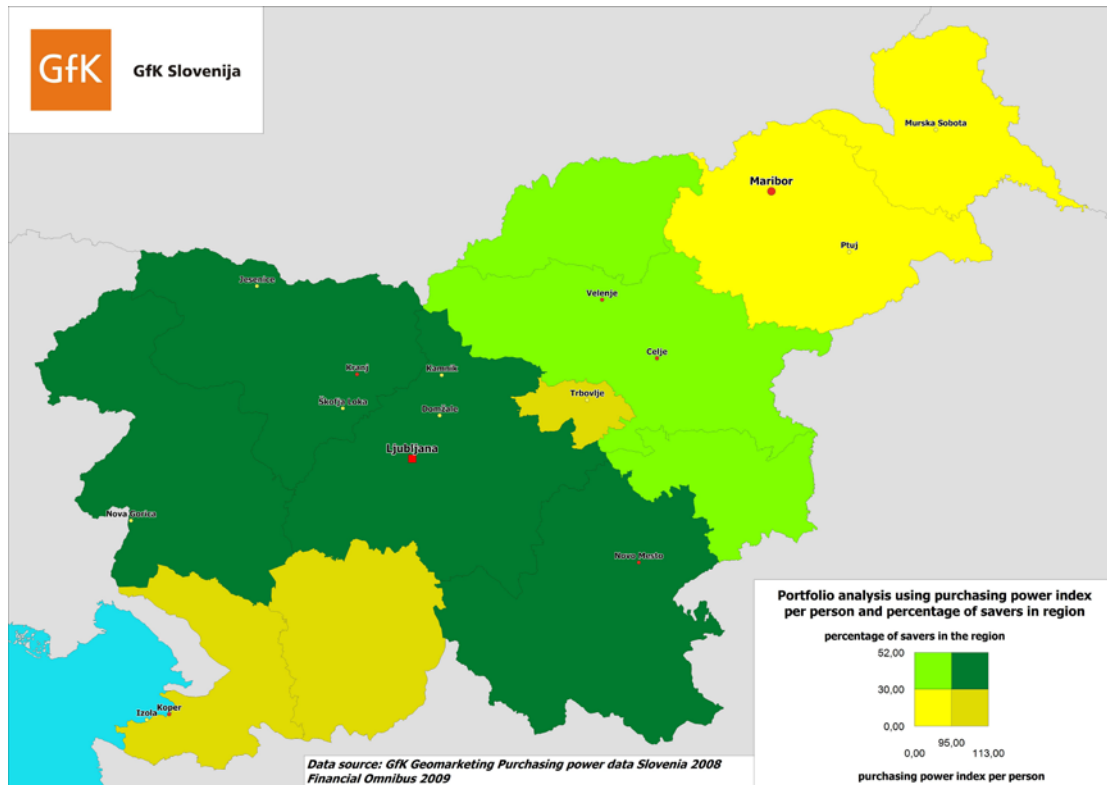
Data from the Bank of Slovenia show that this year Slovenians are borrowing far less for the purposes of holidays and other short-term goals than they did in past years. Household loans are lagging behind the average of the past years: the spring months saw only a slight increase in long-term loans, whilst there were fewer household debts in the form of short-term bank loans. In some ways, the data confirm the decision on the part of Slovenians to spend more economically which was indicated previously in the results of a countrywide survey, the GfK Financial Market Data Service, which was conducted by GfK Slovenija in the spring. The data from the survey showed that more than half of the respondents expressed concern that their standard of living will decrease, one in ten are afraid they will have to cancel their summer holidays and 16 percent of Slovenians are worried that they will no longer be able to pay off their loans and will lose their car or home as a result. The research also showed that approximately 28 percent of people in Slovenia have taken out a loan of some kind from the bank or have signed a contract with a car salesman or leasing company. It is interesting to note that there is a slightly higher percentage of men involved in debt than women and that loans are being paid off by 38 percent of married people, 17 percent of those who are widowed or divorced and 9 percent of single people.

The largest relative proportion of borrowers is in the 30 to 39 year-old age group – one in every two persons in this group being in debt – followed by the age groups between 40 and 49 and from 50 to 59 years of age, amongst whom some 40 percent have a loan. The residents of Maribor have the largest relative proportion of borrowers, with almost 32 percent of the population there being in debt, and next are the residents of small settlements (with a population of up to 2000 people) where loans are being paid by just over 30 percent of the non-farming population and 29 percent of farmers. In cities with a population of more than 10,000, almost one in four is in debt and in Ljubljana one in four of the population has taken out a loan. The data show that, proportionally, the largest group of borrowers is formed by

customers of UniCredit with more than 43 percent of the respondents who declared it as their main bank saying they have a loan. Next are SKB, Gorenjska banka and Abanka, with approximately 35 percent; Banka Koper and Poštna banka have the smallest proportions of clients who are borrowers, namely 19 percent and 15 percent respectively. More than a third of the population of the Gorenjska region has a loan and the inhabitants of the central Slovenian (Osrednjeslovenska regija) and the Zasavska regions and of the Pomurska and Podravska regions follow (approximately 30 percent of the population between the ages of 15 and 75); the smallest proportion of borrowers, approximately a fifth, are to be found in the Notranjsko-kraška, Obalno-kraška and Goriška regions.

If we compare the data on savers (those who save with a savings account pass book, in deposit accounts, the national savings scheme or any other form of saving money at banks) with that on purchasing power, we can see that the Gorenjska and Osrednjeslovenska regions have the highest percentage of savers, while the Dolenjska region, where purchasing power is above average, has a high percentage of people depositing money into banks whilst fewer people are taking out loans. The converse holds true for the Notranjsko-kraška region. On the other side of the spectrum is the Koroška region, where there is below average purchasing power but a relatively high proportion of both borrowers and savers. The Podravska region has weak purchasing power but a high portion of borrowers and a low portion of savers. The GfK survey showed that 32 percent of the Slovenian population aged between 15 and 75 save with a bank. The highest proportion of savers is amongst the generation over the age of 60 – of whom one in two is a saver - whilst amongst the population aged between 20 and 60, approximately one third are savers. It is also interesting to note that almost 30 percent of the unemployed deposit their money in bank accounts. The highest percentage of savers (40 percent) is to be found in small settlements (with a population of up to 2000) among non-farming populations. 35 percent of the inhabitants of Ljubljana deposit their money in banks. The highest rates of savers are to be found in the Gorenjska (48 percent) and Spodnjeposavska and Dolenjska (47 percent) regions and the smallest proportion (one in five) is to be found in the Pomurska and Podravska regions.





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