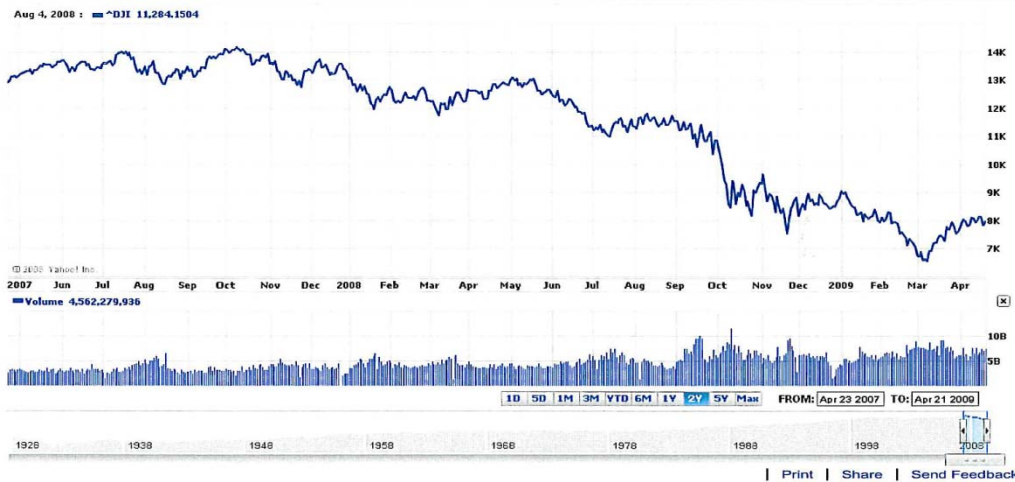


Consumer Perspectives on The Economic Crisis

What People Think About the Economy and Financial Services Industry



June 11, 2009

Rich Brose
Sr. Director, Strategic Consulting
Financial Services Research

Objectives

Understand consumers' changing perceptions of the economic crisis and the financial services industry

- Health of the economy now and in the future
- Stability of the banking system
- Who and what caused the crisis?
- Perceptions of the crisis and the bailouts
- Factors impacting the economy
- Generational and income group differences

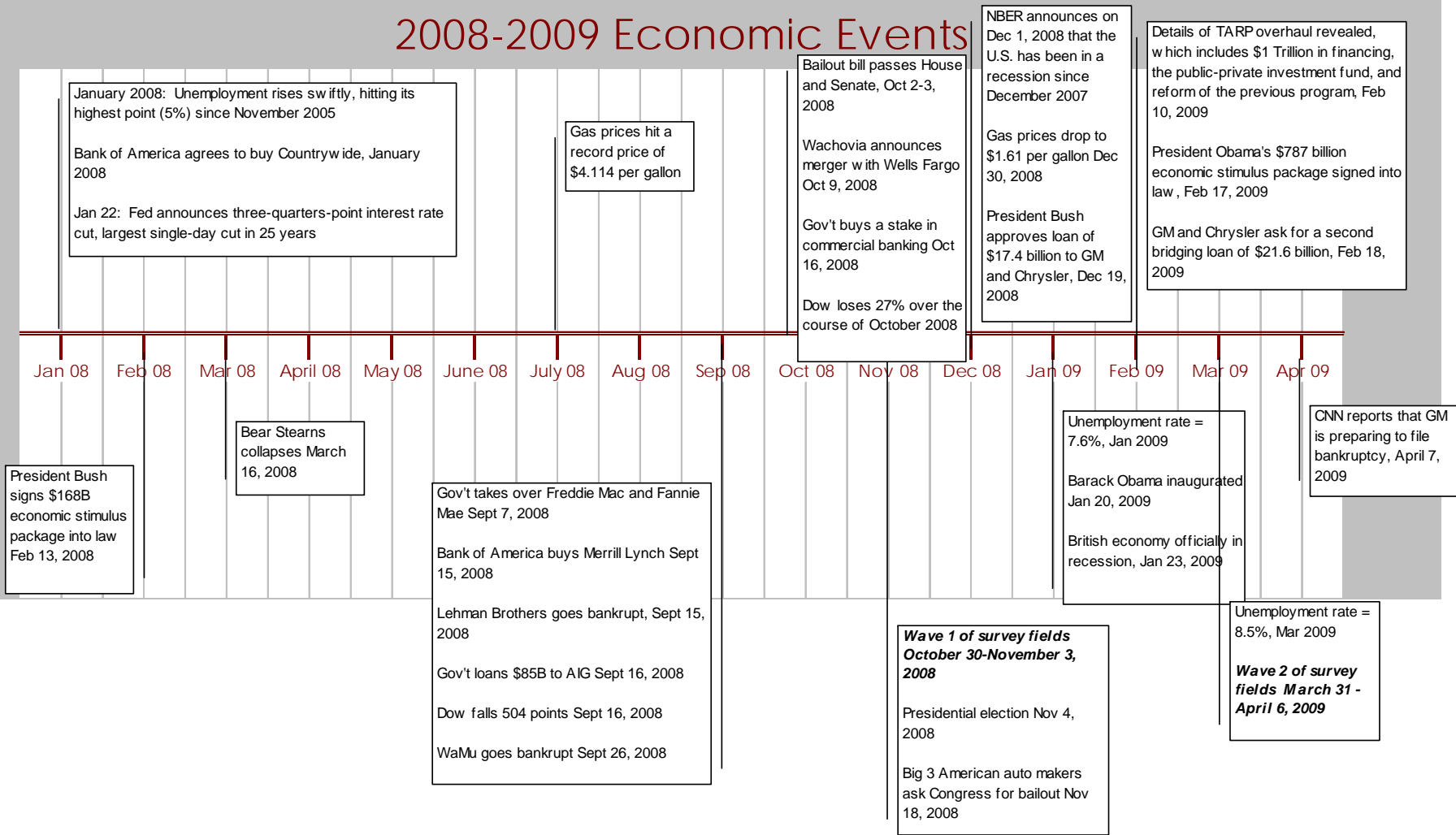
Methodology

- Wave 1
 - October 30, 2008 to November 3, 2008
 - National online survey conducted among a total of 2,190 respondents

- Wave 2
 - March 31, 2009 to April 6, 2009
 - National online survey conducted among a total of 2,483 respondents

Economic Events Timeline

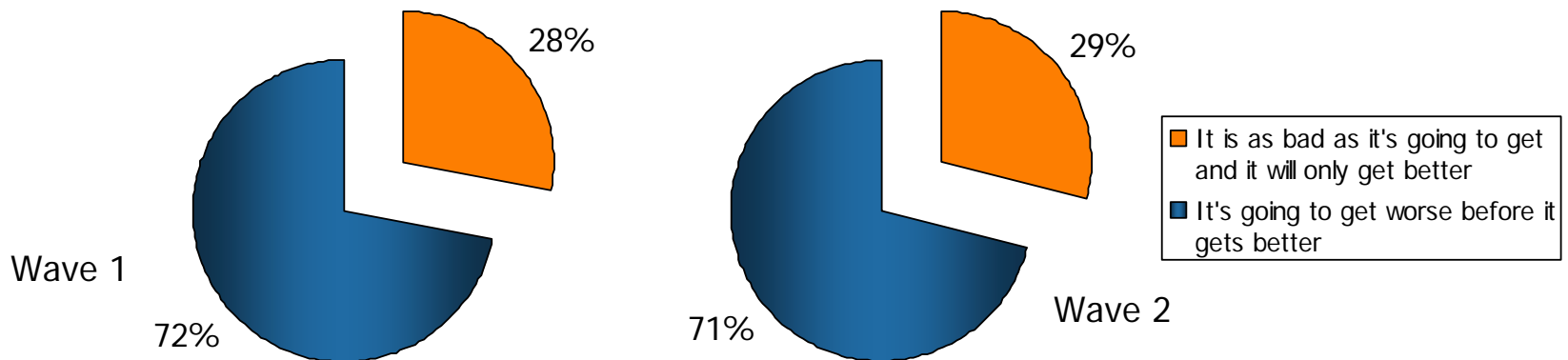
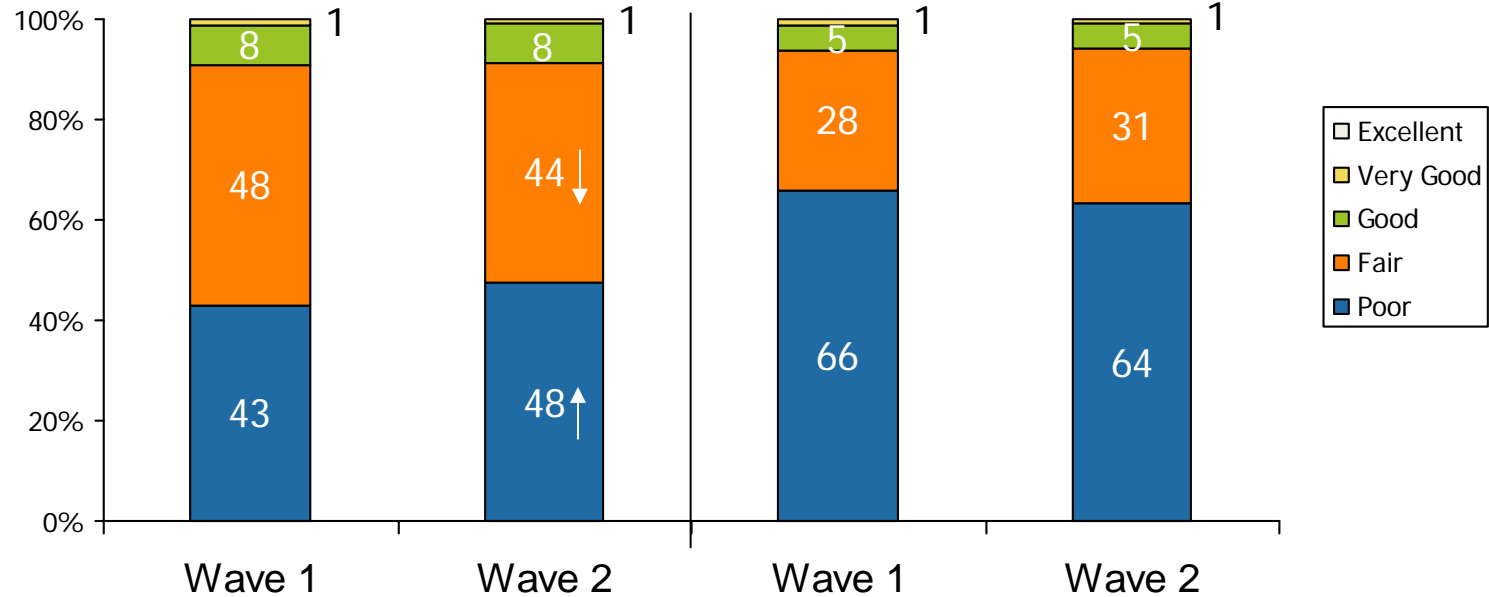
2008-2009 Economic Events



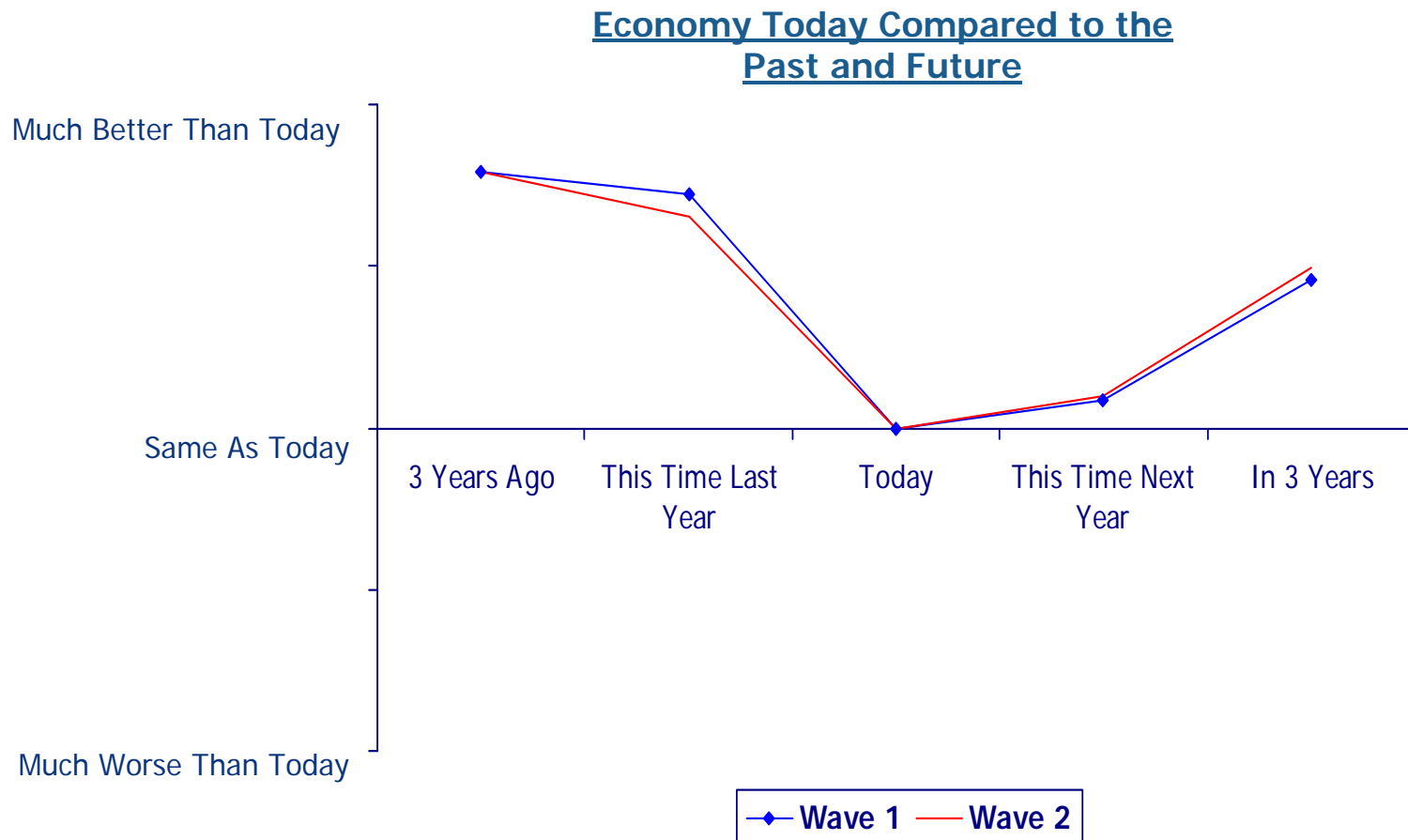
Consumers believe the economy is in poor shape and that it is going to get worse before it gets better

Health of the Global Economy

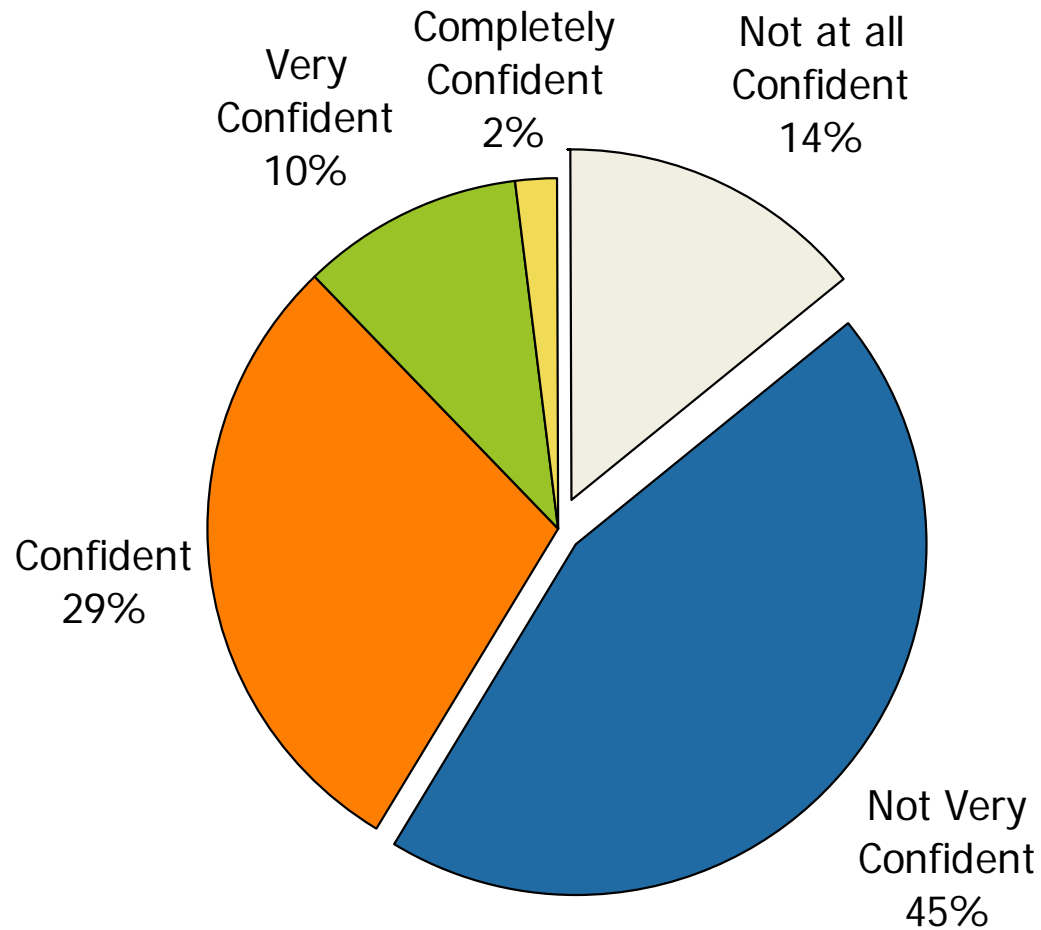
Health of the U.S. Economy



Consumers believe it will take at least three years for a meaningful economic recovery

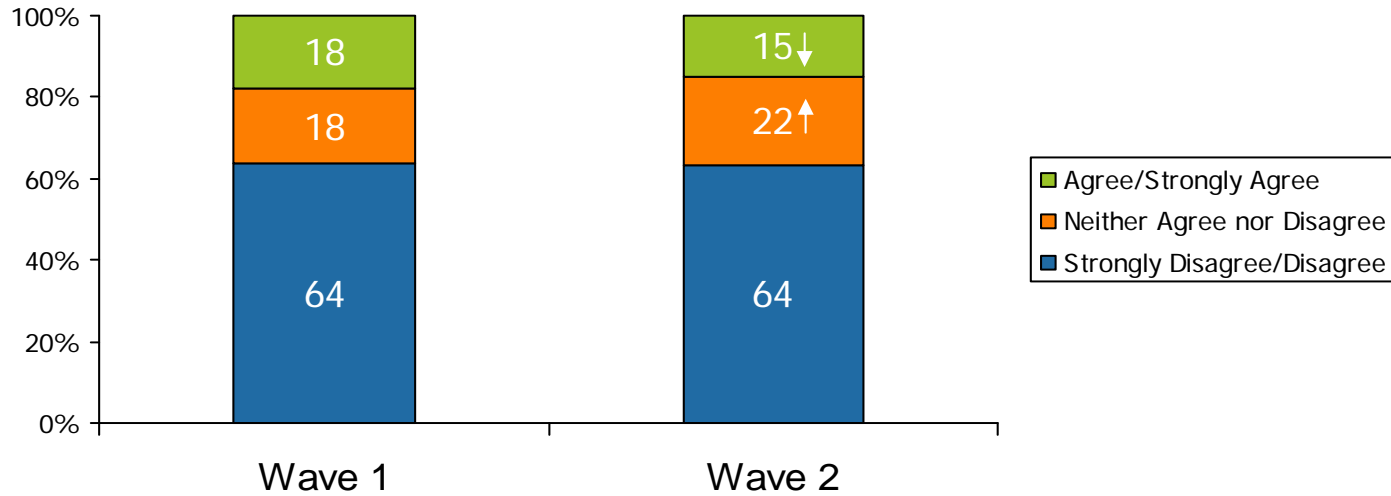


Confidence in the American Dream of “providing a better life for the next generation” is relatively low

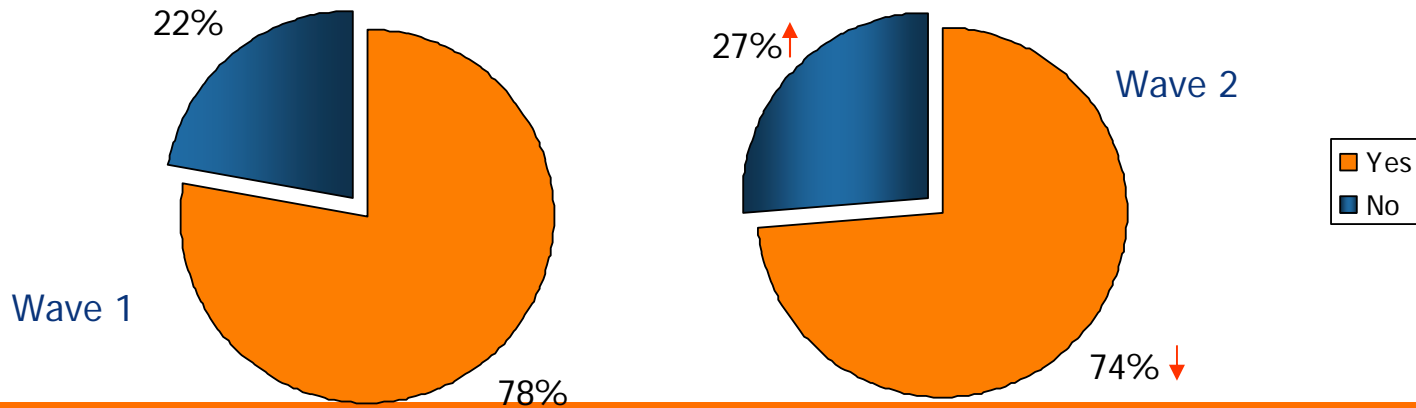


Americans are concerned with the stability of the banking system and believe more major banks will fail

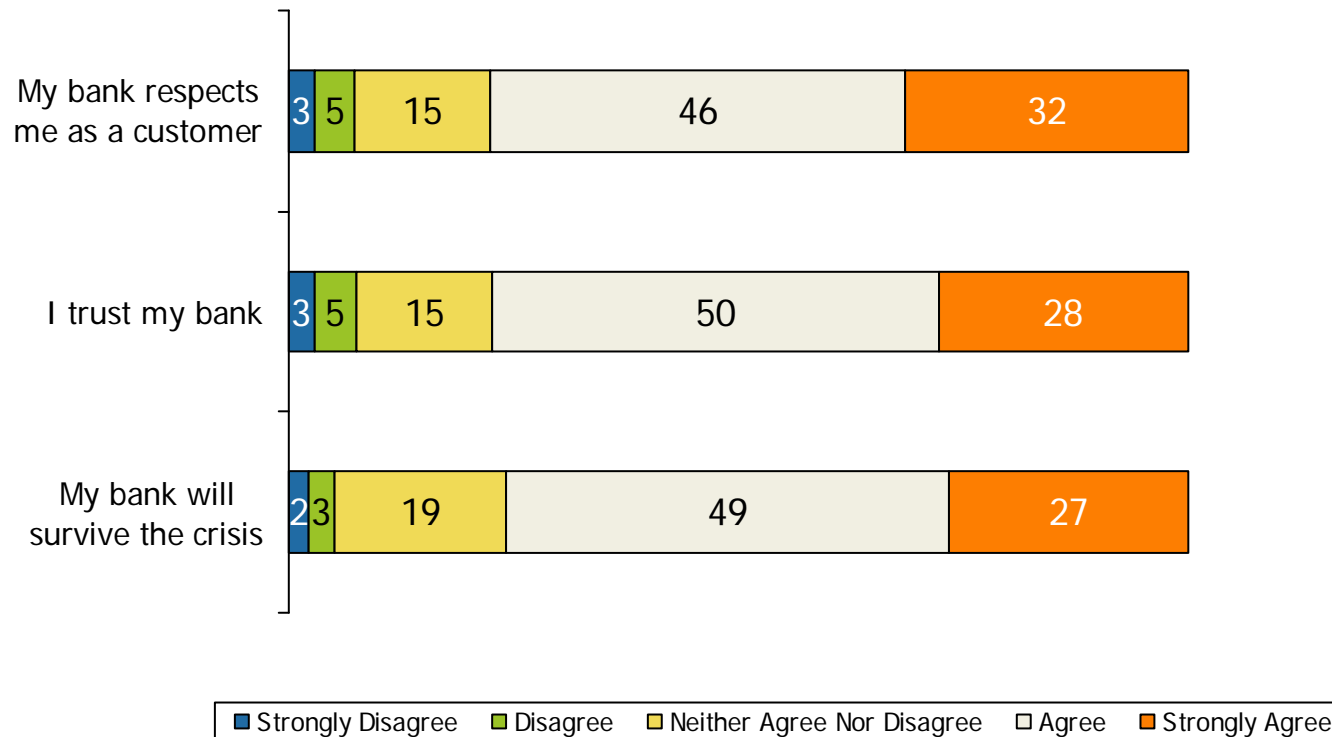
Stable Banking System



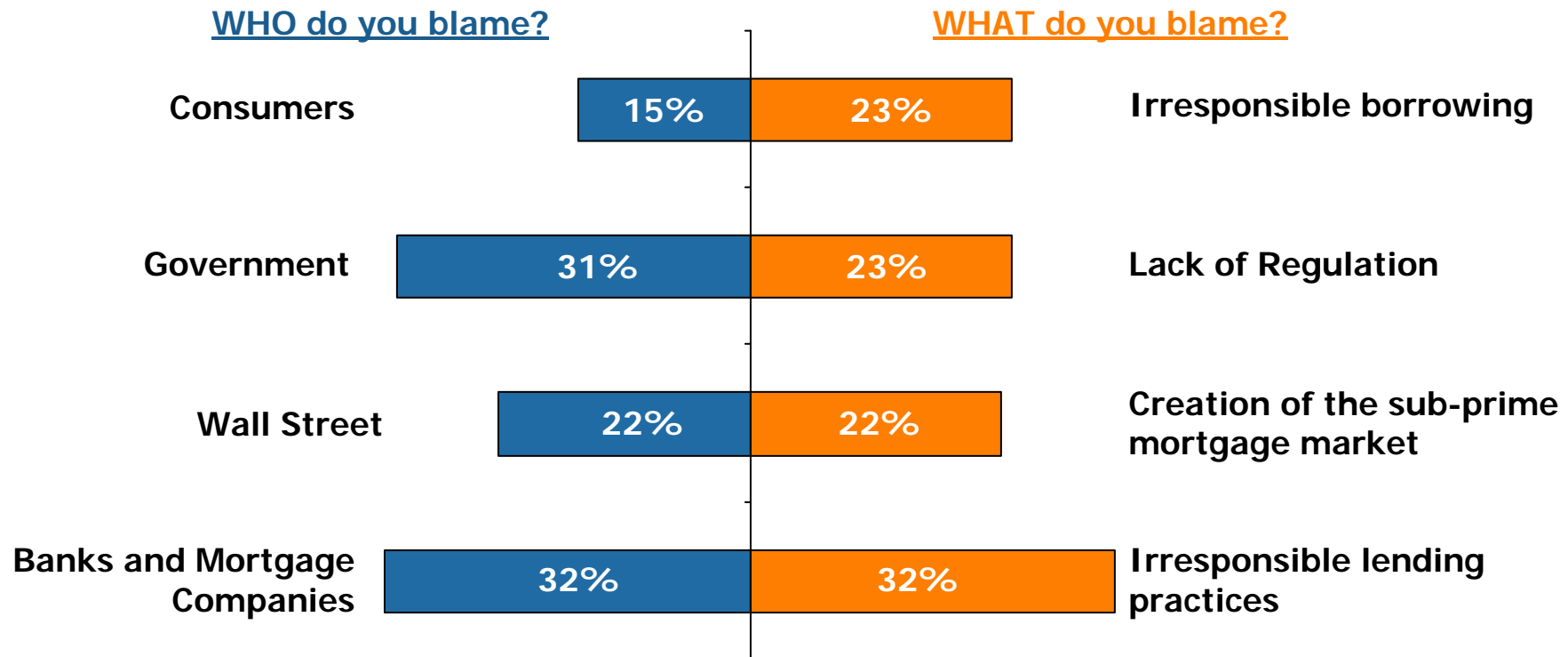
More Major Bank Failures?



People generally believe their banks respect them, are trustworthy, and will survive the crisis

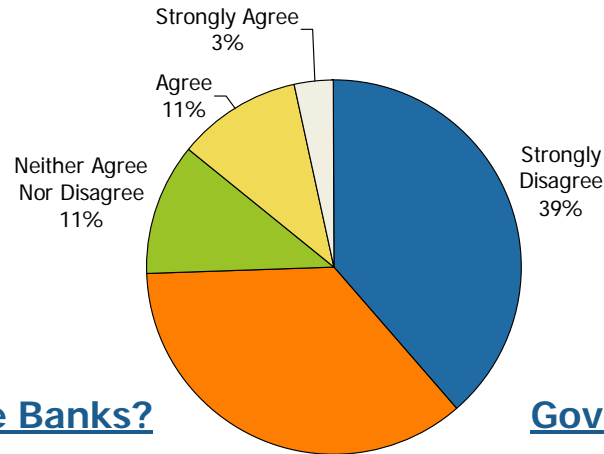


Americans blame mostly irresponsible lending practices, banks and the government for the crisis

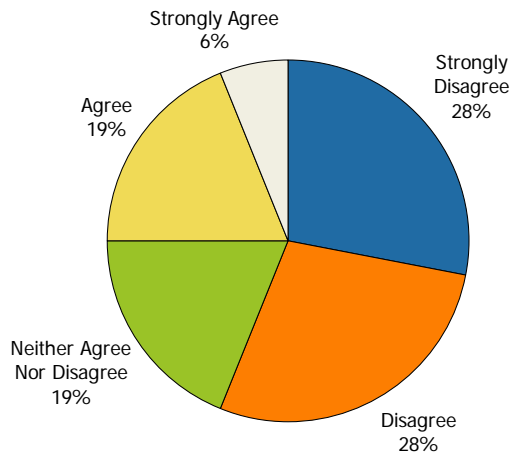


People believe: no company is too big to fail,
the government should not nationalize banks
the government will likely nationalize a major bank

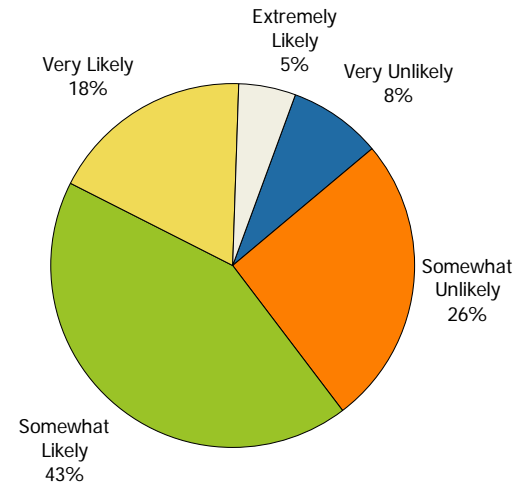
Company Too Big To Fail?



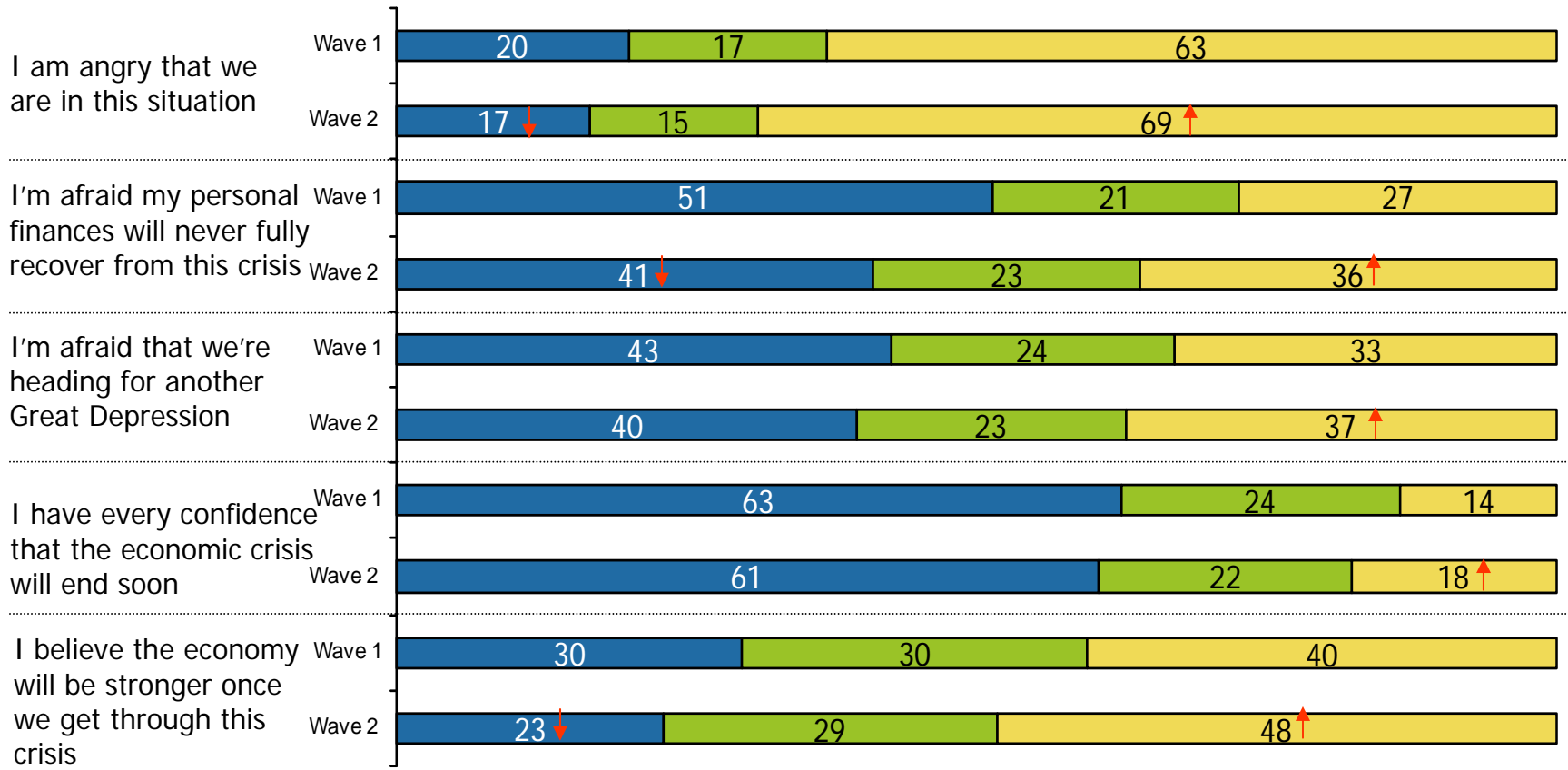
Should Gov't Nationalize Banks?



Gov't Will Nationalize A Major Bank

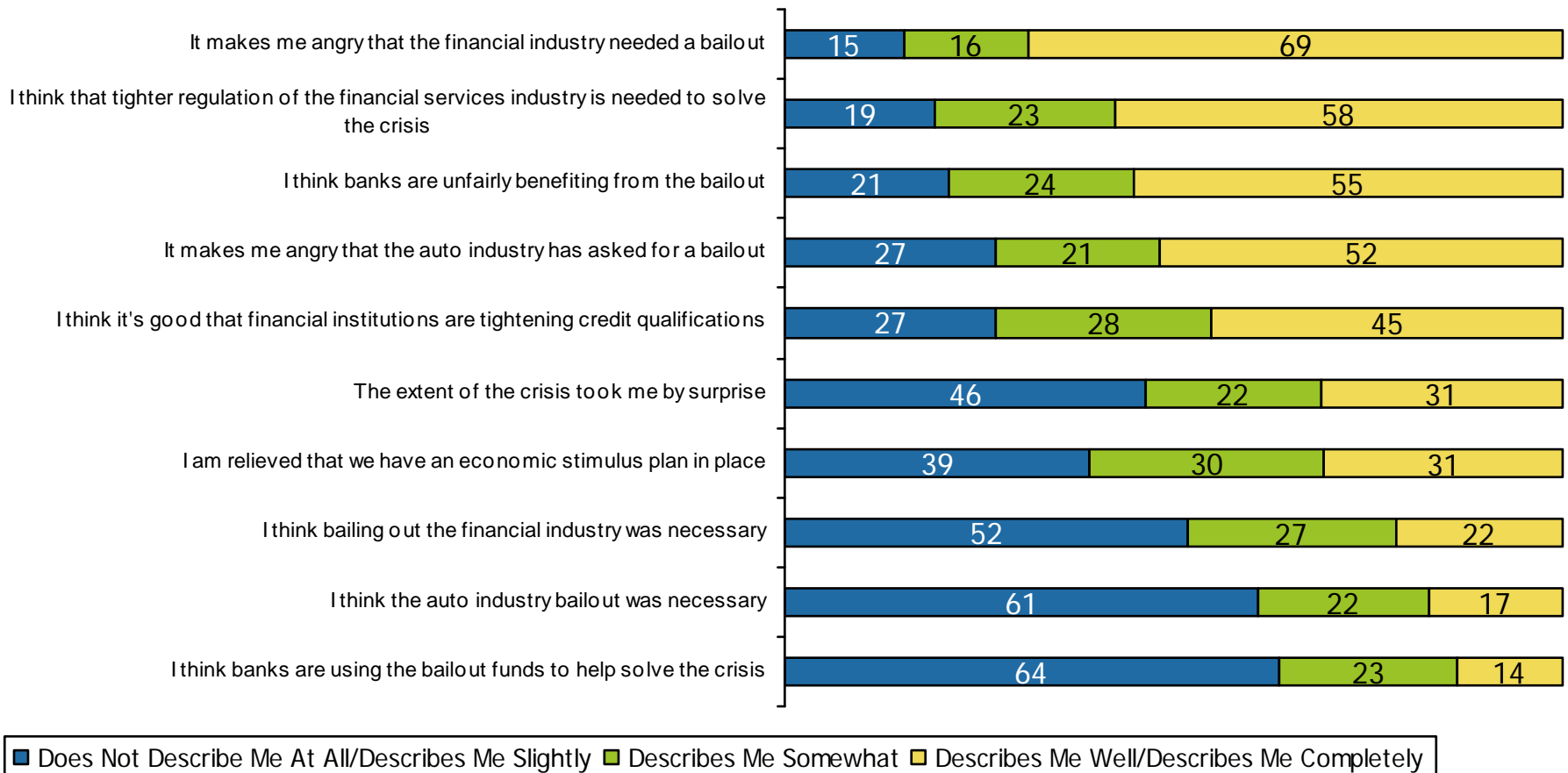


Consumers are angry and have concerns about their personal finances. Positively, they believe the economy will be stronger after the crisis.

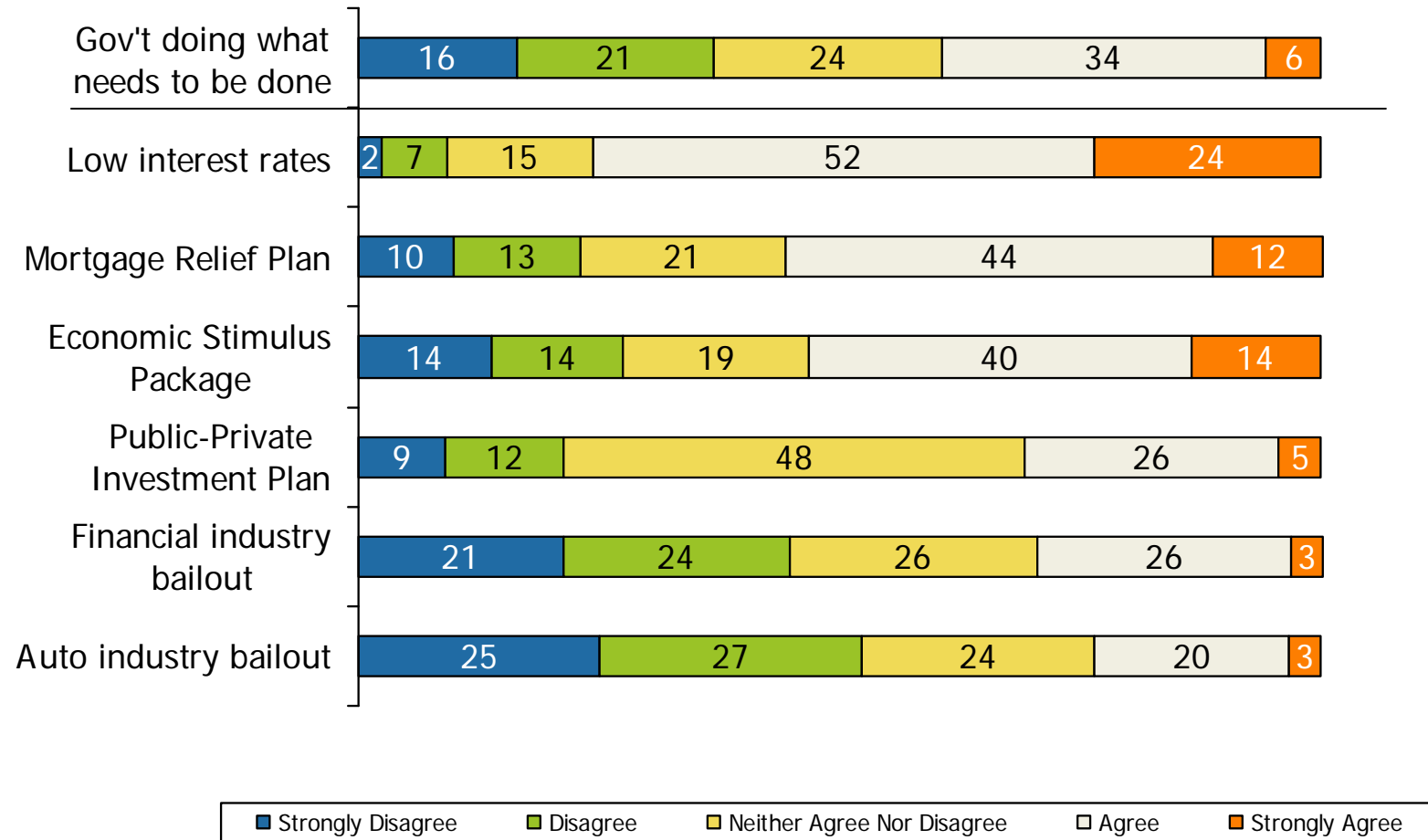


■ Does Not Describe Me At All/Describes Me Slightly
 ■ Describes Me Somewhat
 ■ Describes Me Well/Describes Me Completely

Consumers are angry about the bailouts and favor additional regulation. They do not believe banks are using the funds to solve the crisis.

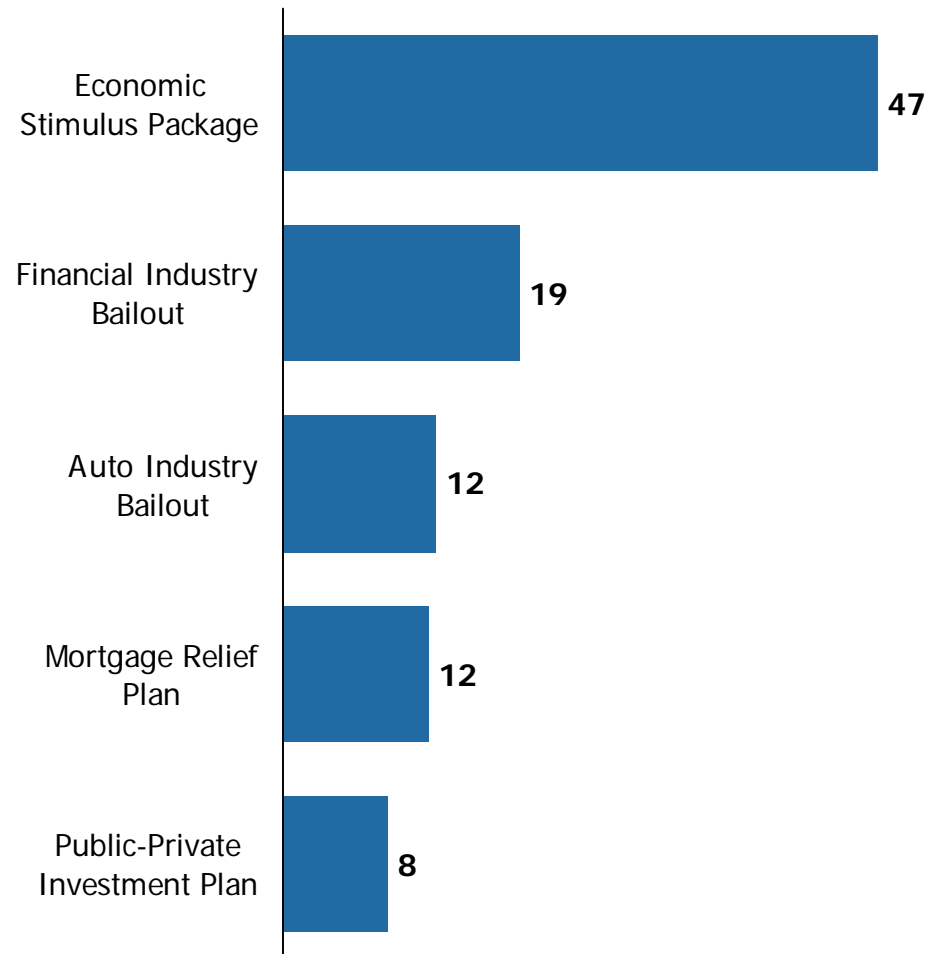


Americans are not convinced the government is doing what is necessary to resolve the crisis, nor do they believe the bailouts will stimulate the economy. They put most of their faith in low interest rates.



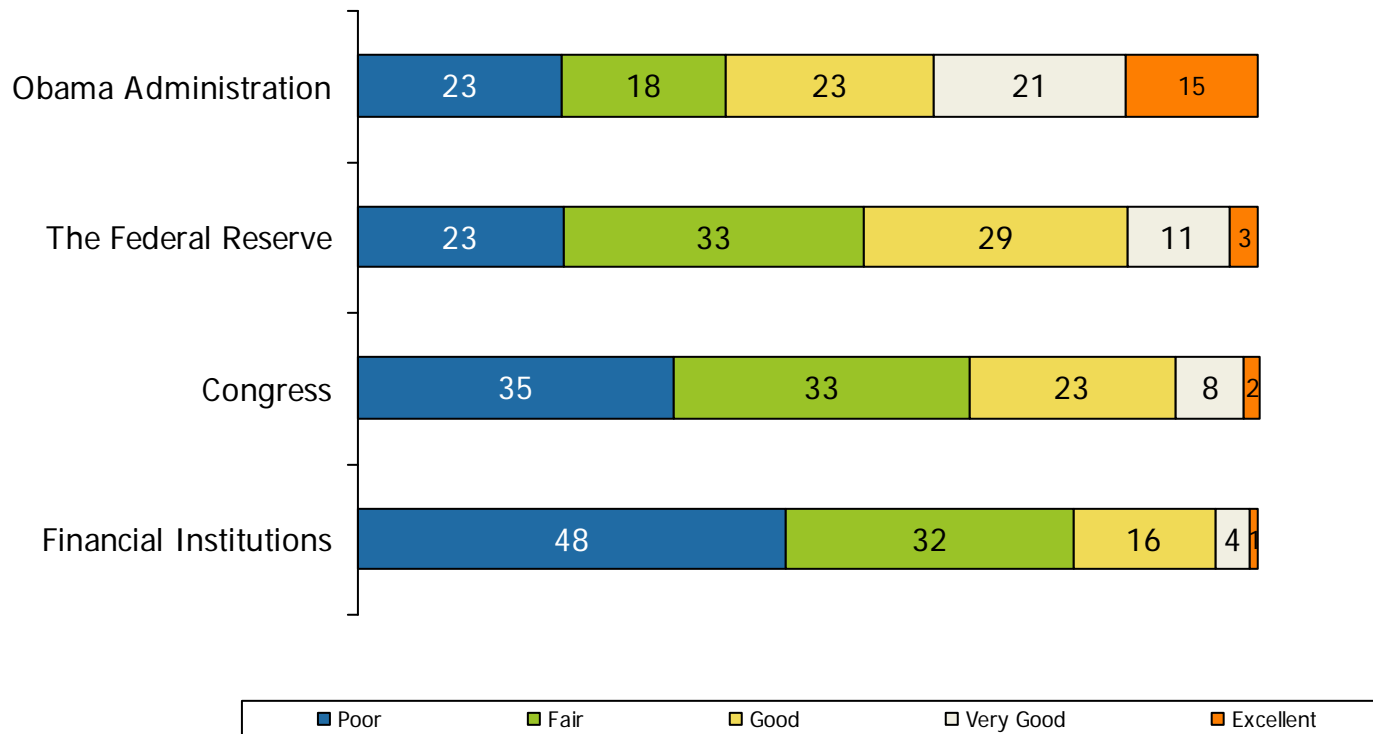
Consumers believe the Economic Stimulus Package is the most important government initiative aimed at resolving the crisis

Drivers of Economic Stimulus

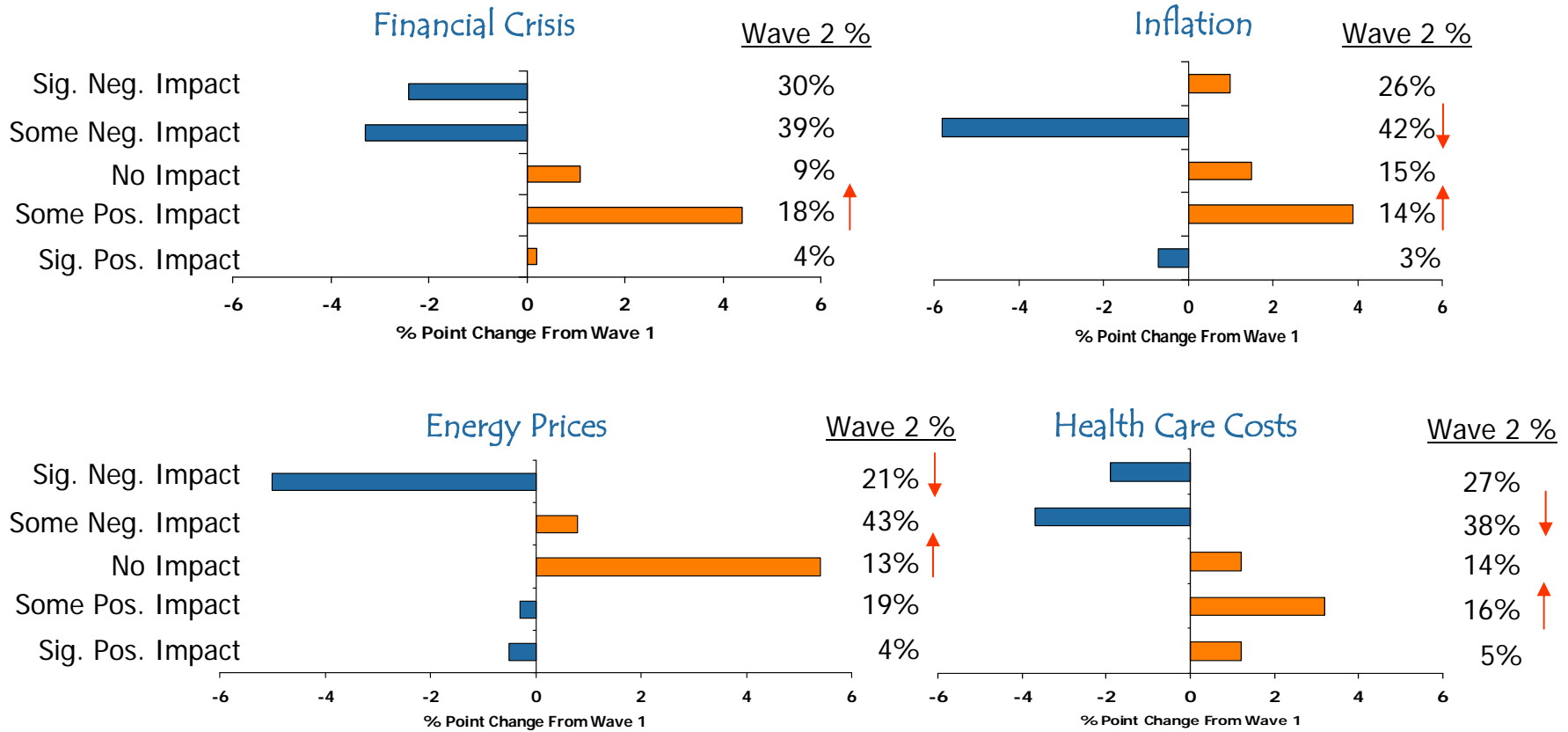


The Obama Administration receives the highest marks for their contribution to resolving the crisis

Contribution To Solving the Crisis



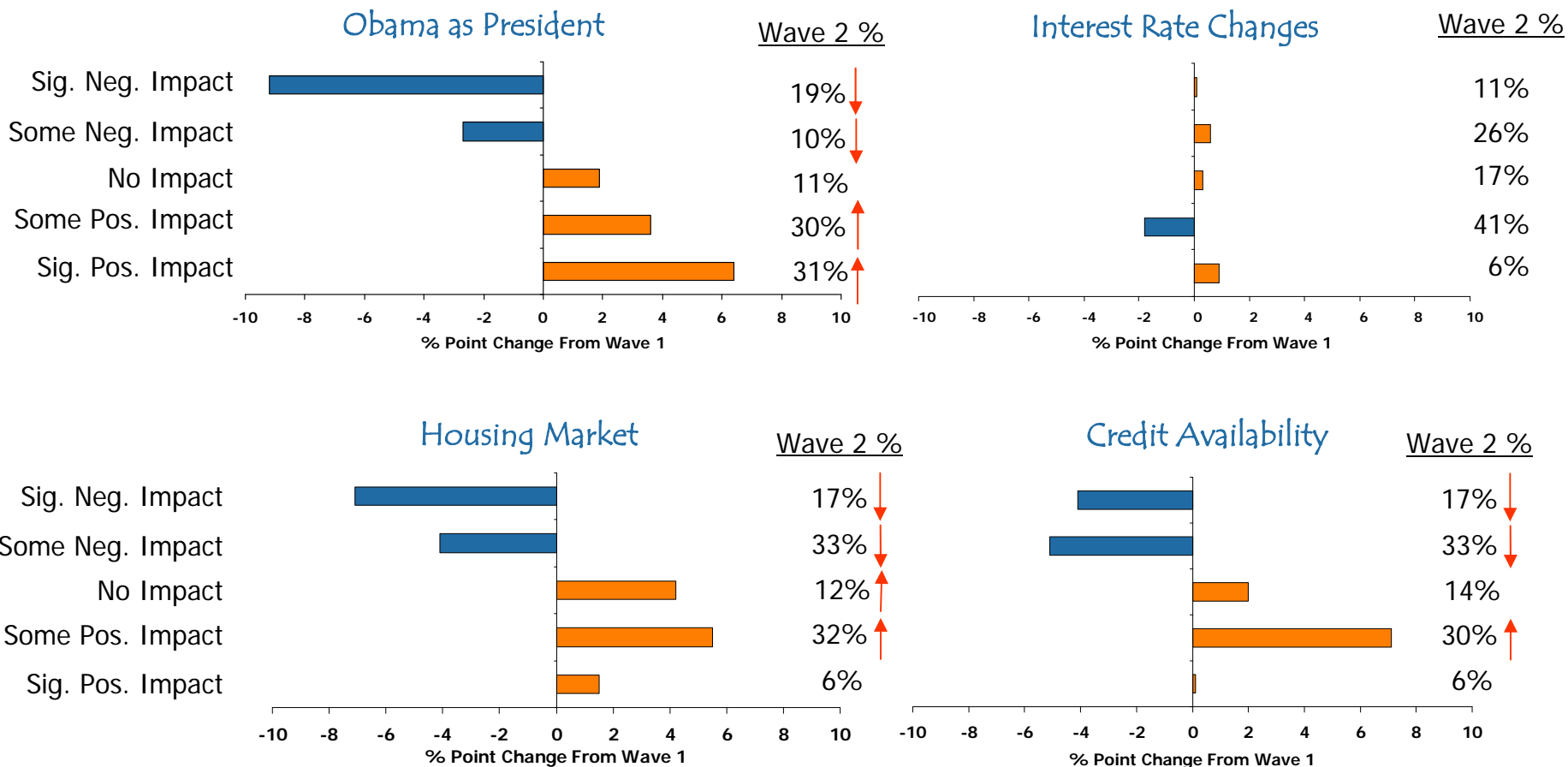
People believe: financial crisis is a big negative, but will wane
inflation is a problem, but will ease
energy prices will continue to be a drag, but ease
health care is an issue, but we'll make progress



Factors Expected to Negatively Impact the Economy Over Next 3 Years

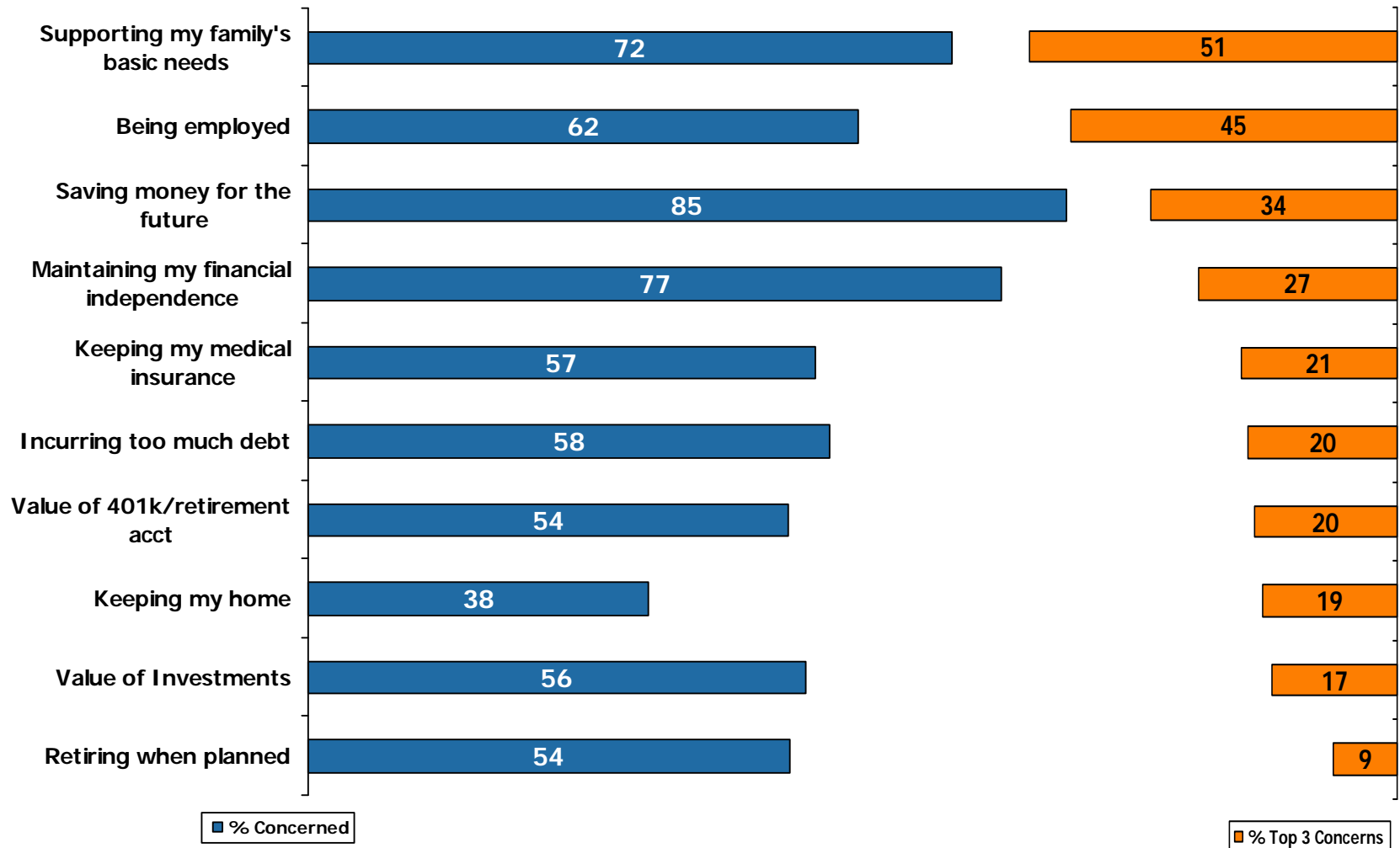
Americans believe: President Obama and interest rate changes will improve the economy

The housing market will rebound and credit will become increasingly available



Factors Expected to Positively Impact the Economy Over Next 3 Years

Americans are primarily concerned about meeting their basic needs and keeping their jobs



Generational Differences

	<u>Gen Y</u>	<u>Gen X</u>	<u>Boomers</u>	<u>Seniors</u>
Health of the economy	<ul style="list-style-type: none"> • Rate global economy highest • Most likely to think the economy is as bad as it will get 	<ul style="list-style-type: none"> • Lowest rating of U.S. Economy 	<ul style="list-style-type: none"> • Most likely to say economy will get worse • Lower rating of global economy than Gen X & Y 	<ul style="list-style-type: none"> • Lost optimism In Wave 1 considered economy healthier than other generations and believed it was as bad as it would get
Confidence in a better life for the next generation	Confidence in a better life decreases with age			
Today's economy vs. past & future	<ul style="list-style-type: none"> • Most negative compared to past, but most optimistic about future 			<ul style="list-style-type: none"> • Lost optimism Lower rating than first wave regarding future economy
Stability of banking system	<ul style="list-style-type: none"> • Believe bank failures are behind us 	<ul style="list-style-type: none"> • Believe bank failures are behind us 	<ul style="list-style-type: none"> • Think banking system is more stable than Gen X & Y • Most likely to believe there will be more bank failures 	<ul style="list-style-type: none"> • Most likely to think banking system is stable
Nationalization	<ul style="list-style-type: none"> • As age increases, belief that companies are "too big to fail" and that banks will be nationalized decreases • No age differences regarding whether a major bank will be nationalized 			

Generational Differences

	<u>Gen Y</u>	<u>Gen X</u>	<u>Boomers</u>	<u>Seniors</u>
Feelings on Government actions	<ul style="list-style-type: none"> • Most likely to believe gov't is doing what needs to be done • More likely than Boomers and Seniors to believe financial bailout will stimulate the economy • Most likely to believe the Mortgage Relief and Economic Stimulus plans will stimulate the economy 	<ul style="list-style-type: none"> • More likely than Seniors to think the gov't is doing what needs to be done • More likely than Seniors to feel the financial services bailout will stimulate the economy 		<ul style="list-style-type: none"> • Least likely to believe the gov't is doing what needs to be done
Ratings of how factors will impact economy in next 3 years	<ul style="list-style-type: none"> • Expect most positive impact from Obama administration, health care costs, Mortgage Relief Plan 	<ul style="list-style-type: none"> • More likely than Boomers and Seniors to expect a positive impact from energy prices, Obama administration, and health care costs 	<ul style="list-style-type: none"> • Expect negative impact from energy prices • Compared to Wave 1, more optimistic about impact of Obama and credit availability 	<ul style="list-style-type: none"> • Expect negative impact from Obama administration, energy prices and health care costs • Expect most positive impact from credit availability

Generational Differences

	<u>Gen Y</u>	<u>Gen X</u>	<u>Boomers</u>	<u>Seniors</u>
Feelings about the crisis	<ul style="list-style-type: none"> • Most worried about credit availability • Most likely to feel banks are using bailout funds to help solve crisis • Least likely to be worried about personal financial recovery 	<ul style="list-style-type: none"> • Compared to Wave 1, more likely to feel the crisis will end soon and that economy will be stronger 	<ul style="list-style-type: none"> • More worried about personal financial recovery than in Wave 1, but believe economy will be stronger • More angry than Gen X & Y we are in crisis and about auto and finance industry bailouts • More likely than Gen X & Y to favor tighter credit requirements and financial industry regulation 	<ul style="list-style-type: none"> • More worried about personal financial recovery than in Wave 1 • More angry than Gen X & Y that we are in crisis and about auto and finance industry bailouts • Most likely to favor tighter credit requirements • More likely than Gen X & Y to favor tighter financial industry regulation
Top concerns given the economy	<ul style="list-style-type: none"> • Most concerned about paying for college and buying a house 	<ul style="list-style-type: none"> • Most concerned about supporting family's basic needs 	<ul style="list-style-type: none"> • Most concerned about being able to retire when planned 	<ul style="list-style-type: none"> • Most concerned about maintaining financial independence, and the value of both their retirement plan and independent investments

Income Differences

	<u><\$50k</u>	<u>\$50k-<100k</u>	<u>\$100k+</u>
Health of the economy	<ul style="list-style-type: none"> • All income groups consider both the World and U.S. economies to be in poor shape • More likely than in Wave 1 to consider the economy as bad as it will get 		
Confidence in better life for next generation	<ul style="list-style-type: none"> • No significant differences by income 		
Today's economy vs. past and future	<ul style="list-style-type: none"> • More optimistic than in Wave 1 about the future of the economy 		<ul style="list-style-type: none"> • Most likely to believe today's economy is worse than 3 years ago
Stability of banking system		<ul style="list-style-type: none"> • Less likely than in Wave 1 to believe there will be more major bank failures 	<ul style="list-style-type: none"> • Most likely to think the banking system is stable

Income Differences

	<u><\$50k</u>	<u>\$50k-<100k</u>	<u>\$100k+</u>
Nationalization	<ul style="list-style-type: none"> • No differences by income in terms of whether a bank will be nationalized or whether a company can be considered “too big to fail” 		<ul style="list-style-type: none"> • Most likely to believe the government should let banks fail rather than nationalize them
Feelings on Government Actions	<ul style="list-style-type: none"> • Most likely to believe the Economic Stimulus Package will stimulate the economy • Least likely to think the Public-Private Investment Plan will stimulate the economy • Score Congress highest for its contribution to resolving the crisis 		<ul style="list-style-type: none"> • Least likely to think the government is doing what needs to be done to stimulate the economy • Least likely to believe the Mortgage Relief Plan and Economic Stimulus Plan will stimulate the economy • Score the Obama Administration the lowest for its contribution to resolving the crisis

Income Differences

	<u><\$50k</u>	<u>\$50k-<100k</u>	<u>\$100k+</u>
Ratings of how factors will impact the economy in the next 3 years	<ul style="list-style-type: none"> • Most likely to expect a positive impact from the Obama Administration • Compared to Wave 1, expect a more positive impact from the Obama Administration and health care costs 	<ul style="list-style-type: none"> • Compared to Wave 1, expect a more positive impact from the Obama Administration and credit availability. 	<ul style="list-style-type: none"> • Least likely to expect a benefit from the Mortgage Relief Plan and the auto industry bailout
Feelings about the crisis	<ul style="list-style-type: none"> • Least likely to feel in control of their personal finances, but feeling better than in Wave 1 • Most worried about credit availability in the future and don't believe financial institutions should tighten credit qualifications 		<ul style="list-style-type: none"> • More concerned that their personal finances will not recover than in Wave 1. • Most likely to feel they have control over their personal finances • Most angry that the auto industry asked for a bailout
Top concerns given the economy	<ul style="list-style-type: none"> • Supporting family's basic needs, staying employed and maintaining financial independence 	<ul style="list-style-type: none"> • Supporting family's basic needs and staying employed 	<ul style="list-style-type: none"> • Maintaining the value of their retirement and independent investments

Questions?