

## Serbia

## Saving and safe investments are preferred

The penetration rate for saving products in Serbia declined from 8% to 5% in 2009. Saving for the children proves to be the strongest motive for putting money to one side with saving for a vacation ranking second. People in Serbia prefer savings to investments because they would rather opt for safety than risk. Alternative means of investment are still not particularly popular amongst the citizens of Serbia.

When it comes to the use of specific banking products (especially saving products and cards) it must be mentioned that, in Serbia, such products are subject to quite diverse usage tendencies. So we see that the penetration of cards is growing consistently (from 56% in 2008 to 61% in 2009) which is in contrast to that of saving products which showed a decrease in 2009 (from 8% to 5%). Over the past few years, deposits in foreign currencies have remained the main product used by the clients with 3% of our banking population making use of this facility.

GfK Serbia

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## Usage of product groups - Trends



When it comes to savings and investments in Serbia, the following trends are notable:

- saving for the children and for a rainy day are still the most popular reasons
- one of the main reasons for saving is for annual leave (in the sense of "vacation")
- people prefer to choose safety over risk and, as a result, the purchase of a house/apartment or land is the preferred form of investment.

In Serbia, more than one-third of people (35%) save for their children – the strongest motive. That is the detail which distinguishes Serbia (and Ukraine) from other central and eastern European countries. Also, amongst the people of Serbia, travel is also a really important motive for saving (23%). It appears that these two dominant reasons represent the greater part of the motivation for saving and, therefore, these two aspects may provide interesting ideas for the banks to include in their offers.

Of particular interest is the fact that the highest percentage is formed by the Serbian citizens whose savings are represented by cash being kept in their own homes, with that figure being as high as 45%. This percentage is significantly lower in all the other countries of our region and in all the eastern and central European countries. Saving for buying a house / apartment also represents a very important opportunity for investment. As many as 41% of Serbians have put their trust in an investment in real estate of some form. When it comes to saving and investment, Croatia differs from the other countries of the region in that there are significantly more people there who take advantage of life assurance, as well as investing in real estate. In Serbia, the situation appears to be tending to change in that direction as well, as currently a number of people consider life assurance to be a good option for saving (16%).

There is one significant similarity between the “mature” markets (countries which are already in the EU) and the “developing countries”: the most important reasons for saving are saving for a rainy day followed by saving for their children (education, university, and so on). Saving for their old age is also notable.

Citizens in central and eastern Europe are least likely to save to buy valuable items (for example, art products, china etc.) or for repayment of debt. In addition, only a very few of them save to buy a cottage or furniture. This could be explained by the crisis – it is really difficult to buy a cottage and it is far from being an essential item. Furniture, on the other hand, is inexpensive and easy to find, so there is little need for a long-term saving effort for that purpose.

Interest in portfolio investment is exceptionally low. Interest in alternative ways of investing is also at a low level although, in that category, interest in stocks and shares is most significant. Investment funds are quite popular in the “mature” countries, but in Serbia and the other countries in this region, the opposite applies. However, this could be explained by the trend of people preferring to put the aspect of safety (in the form of saving) above risk.

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