



Report by the Línea Directa Aseguradora Home Division
'Spanish households facing inflation in 2022: Household spending and savings in the current economic scenario'

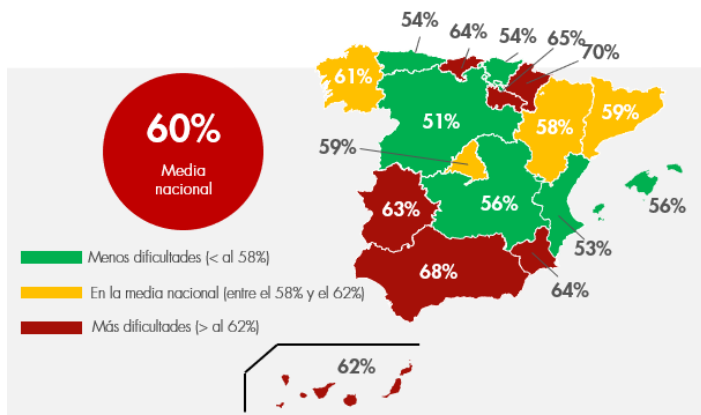
6 OUT OF 10 SPANIARDS ARE STRUGGLING TO MAKE ENDS MEET MORE THAN THEY DID A YEAR AGO DESPITE REDUCING FAMILY EXPENSES

- Inflation and the current context have meant households have lost purchasing power. So much so that 60% of Spaniards are struggling to make ends meet more than they did a year ago despite reducing family budget expenses in three areas: energy, financial, and food and leisure.
- In the energy department, 44% of Spaniards have seen their electricity and gas bills rise by more than 20% in 2022. For this reason, almost 9 out of 10 say they have reduced their energy usage at home. 43% are limiting their usage to the minimum necessary while 35% are only using energy during the cheapest time slots.
- Financial decisions at home have varied over the past year: Half of Spaniards say they have changed energy companies due to price and one third look are looking around for cheaper insurance options. In addition, almost 80% of Spaniards claim they are dipping into their savings to make ends meet and 2 out of 10 are paying on credit to make ends meet.
- This Christmas will be different for some families. More than 65% of Spaniards will reduce their expenses these holidays by limiting their budget to food and gifts. This trend will continue next year because 8 out of 10 Spaniards intend to cut their spending on leisure in 2023, mainly by reducing meals out and spending on clothing and travel.
- **Autonomous Communities:** People from Navarra, Andalusia and La Rioja are reporting that they are struggling the most to make ends meet. On the other hand, people from Castilla Leon, Valencia and the Basque Country present are having fewer financial difficulties compared to the national average.

Madrid, 12 December 2022. Inflation has reached a 30-year high in 2022, mainly due to the increase in energy prices, which has spread across the board to other goods and services, making the cost of living more expensive. This situation has led to families losing purchasing power and struggling more to advance financially than they did a year ago.

In order to find out about the financial situation of Spanish households is like and what expenses are being cut at home in order to cope with growing inflation, Línea Directa Aseguradora has prepared the report **'Spanish households facing inflation in 2022: household spending and saving in the current economic climate'** which analyses the saving measures being taken by Spaniards in the three main areas: energy, financial, and food and leisure. One of the main conclusions that can be drawn is that **60% of Spaniards are struggling more to make ends meet than they did last year, which is equivalent to about 21 million of the adult population in Spain.**

All Spaniards report that they are struggling more than they were a year ago. However, there are differences between Autonomous Communities.



People from Navarra (70%), Andalusia (68%) and La Rioja (65%) report struggling the most to make ends meet compared with the rest of Spain. On the contrary, people living in **Castilla and León (51%), Valencia (53%) and the Basque Country (54%)** are struggling the least compared with the national average.

Energy:

9 out of 10 Spaniards say they have reduced their energy usage at home

The rise in energy prices has had a strong impact on the 2022 family budget. According to this report, **44% of Spaniards say they have noticed increases of more than 20% in their electricity and gas bills in 2022**. Therefore, **almost 9 out of 10 Spaniards say they have reduced their energy usage at home** in the past year. For 43% of Spaniards, the way to limit the impact has been by only using what is strictly necessary, while 35% are only using energy in the cheapest time slots.

Domestic energy efficiency is still an area that needs a lot of work in Spain. **Around 70% of Spaniards have not considered reforming their homes to make them more efficient** and sustainable and therefore reduce costs. The main reason for not doing so is the economic cost involved. Despite this, 14% of Spaniards have already installed solar panels in their homes or are planning to do so, and 21% would do so, but they are being put off by the procedures involved.

Reducing car usage is also a way to save and reduce the household carbon footprint. In this regard, 6 out of 10 Spaniards who own a vehicle are using it less, opting more for public transport and **76% are grateful for a free train pass**, especially the younger population (81%) and 35% of citizens have applied for one or will apply for one soon.

Finances:

Almost 80% of Spaniards are dipping into their savings to make ends meet

The economic situation has had an impact on personal finances. According to this study, **almost 80% of Spaniards have had to dip into their savings at some point to make ends meet** and **2 out of 10 are opting to pay on credit to make ends meet**. Likewise, only 22% of citizens are managing to save each month and a third are saving less than 100 euros per month.

One way to save at home is to change suppliers such as telephone, electricity, bank or insurance suppliers, looking for cheaper rates. And this is what **half of Spaniards have done, who claim they have changed suppliers due to price**.

People tend to change their telephone or energy company more frequently than their bank or insurance companies. 27% of Spaniards plan to change insurance company throughout

2023. However, **half of Spaniards are spending the same on insurance** and 13% plan to increase their spending on policies or more comprehensive products.

The current economic situation has also led to a tightening of the financial conditions that affect household mortgages. In this sense, **23% of Spaniards are thinking about changing their mortgage to a fixed rate for fear of not being able to pay it** and **7 out of 10 people do not want to change their current mortgage type** for fear of being in a worse situation than their current one.

Food and leisure:

More than 65% of Spaniards will cut their spending at Christmas

Christmas dinners and gifts for friends and family make December one of the busiest months of the year. However, according to this study, **more than 65% of Spaniards say they will reduce their spending this Christmas** by limiting celebrations to food and gifts.

This plan applies to not only the end of this year but also to forecasts for 2023 since **8 out of 10 Spaniards say they will cut their spending on leisure next year** mainly in the areas of clothing, meals out and travel.

In addition to reducing spending on leisure, citizens have also been forced to change what they put into their shopping trolleys, thinking more about their finances. In fact, **half of Spaniards say they have changed what they put into their shopping trolleys in the last year**. Ways of saving have included **replacing branded products with supermarket labels (22%)**, **choosing cheaper products** such as chicken, pork or frozen fish (13%) or **buying fewer fresh products** such as beef and fish (10%).

For Mar Garre, **Director of People, Communication and Sustainability at Línea Directa Aseguradora**, "the current economic context in general and inflation in particular are having a great impact on the budget of Spanish households, affecting their purchasing decisions and their savings. With this report, Línea Directa Aseguradora was seeking to analyse the situation of families and the spending reduction measures that Spaniards are taking in 2022 in the areas of energy, finances, food and leisure. Within the company's Home division, we remain extremely attentive to everything that happens in Spanish households and we want to contribute our analysis so people can make the most appropriate decisions with regard to savings".

This initiative applies to the following **Sustainable Development Goals**:



Methodology

To draw up the study, 1,716 online interviews were carried out throughout Spain between 18 and 25 October 2022 with both men and women between 18 and 75 years of age being interviewed. A proportional distribution was ensured using quotas by gender, age and Autonomous Community. The overall results are weighted according to the proportional sample of the Spanish population between 18 and 75 years of age by Autonomous Community, as well as by gender and age to give overall results that reflect the reality of the profile being studied. The report has a confidence level of 95% and a sampling error of +/-2.37% ~ 3.1%.

About Línea Directa Aseguradora

Línea Directa Aseguradora is the 5th largest insurer of cars in Spain, specialising in direct sales of insurance for cars, motorbikes, companies, the self-employed, and homes. Línea Directa Aseguradora ranks among the 100

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Spanish companies with the best reputations, according to the MERCO Companies ranking. It also offers health insurance, through a new brand built on digitisation and rewards for policyholders.

For **more information**: <https://www.lineadirectaaseguradora.com/>

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