

ECB RATE CUT:

34% OF ITALIAN HOME HUNTERS CONSIDER IT A MORTGAGE INCENTIVE, ESPECIALLY YOUNG PEOPLE IN GEN Z (51%).

38% WOULD LIKE TO RENEGOTIATE THEIR MORTGAGE, MILLENNIALS IN PARTICULAR.

25% SAY THEY ARE MORE LIKELY TO PAY FOR NEW PURCHASES IN INSTALMENTS.

These are the findings of the recent **Changes Unipol** survey, processed by Ipsos, on the reactions and opinions of Italians regarding the ECB interest rate reduction; the results also show that:

- **4 out of 10 Italians live in a family with an active mortgage.**
- **The desired rate cut, on average, is 2.6%.**
- For **6 out of 10 Italians**, unfavourable interest rates have an impact on the decision to **postpone taking out a mortgage**.
- **Fixed rates** are popular among **Boomers and Millennials**, while **capped variable rates** are more popular among **Gen Z**.
- **35% of Italians** with a mortgage are dissatisfied with the economic conditions and almost **1 in 2 Italians** admit they have had **trouble paying at least one instalment**.
- The rising **cost of living** (above all for 54% of Boomers) and **unforeseen expenses** (for 42% of Gen X) are the main reasons for **missing a mortgage payment**.
- **Almost 1 in 2 Italians have opted for a payment in instalments with interest** (consumer loan); 15% currently have one in progress.
- **4 out of 10 Italians who have made a purchase in instalments** or taken out a loan have had **trouble paying at least one instalment**, especially among Gen Z: in fact, this was reported by 55% (and 17% often).
- **7 out of 10 Italians** have heard of **Buy Now Pay Later**¹ plans, the majority of which have never used one. Users are concentrated among the middle (Gen X) and younger age groups.

¹ Buy Now, Pay Later is a type of short-term financing that allows consumers to make purchases and pay for them at a future date. BNPL is generally structured as a money lending process with an instalment plan which involves consumers, financiers and merchants.

Bologna, 17 October 2024

The recent Changes Unipol survey², processed by Ipsos, analysed the reactions and opinions of Italians regarding the interest rate reduction that began last June, after which the European Central Bank today announced a further cut of 0.25 percentage points.

The impact of ECB rate cut on loans and mortgages

34% of Italian home hunters view the **ECB rate cut** as an **incentive to take out a mortgage, especially for first home buyers**. Rates had less of an impact on projects relating to **second homes** (16%) and **renovations** (21%).

Specifically, the rate cut is an important incentive for people taking out **first home mortgages**, especially for **young people in Gen Z** who are planning on buying a home (51%). **Gen X** (21%) and **Boomers** (23%) are the most motivated to **purchase second homes**, while **Gen Z** (32%) and **Gen X** (27%) are the most inclined to renovate.

Millennials, on the other hand, are the **most likely to renegotiate their mortgage** (47% compared to a national average of 38%). **Gen Z** (34%) and **Boomers** (27%) are **more sceptical**, many of which, however, have already renegotiated in the past.

In percentage terms, the **average additional rate cut desired** is 2.6%. However, 1 in 5 **Millennials**, **Gen Xers** and **Boomers** would like an additional rate cut of more than 2%.

The analysis highlights how, for 6 out of 10 Italians, **unfavourable rates** have an impact on the decision to **postpone taking out a mortgage**, especially for **Boomers** (65%). On the contrary, people in **Gen Z** (48%), more than any other generation, **are not willing to wait**.

Italian mortgages: characteristics, satisfaction and difficulty in paying instalments

4 out of 10 Italians live in a **family with an active mortgage**. Higher percentages are reported among **Millennials** and **Gen Z** (nearing 50%), even though 20% of **Boomers** still have an active mortgage (for the purchase of a first or second home or for renovations).

As regards the **type of mortgage active**, 1 out of 3 **Millennials** have a mortgage for the purchase of their first home (in their own name or in that of a family member). On the contrary, it is primarily young people from Gen Z who have (or live in families with) **mortgages for a second home or renovations**. **Boomers** report the highest percentage of people who have **never taken out a mortgage in their lives**.

² The survey was conducted on a representative sample of the national population aged 16-74 (over 44 million individuals) and residents in the main Metropolitan Areas (over 13 million individuals), according to gender, age, geographical area, town size, level of education, standard of living, profession and family unit. 1,720 interviews were conducted using the CAWI method (Computer Assisted Web Interviewing: a data collection methodology based on the compilation of an online questionnaire) from 19 to 28 June.

Active mortgage rates differ greatly based on age: 6 out of 10 young people from **Gen Z** have a capped variable rate, compared to 3 out of 10 **Boomers** (who have older mortgages). **Variable rates with a capped index** are much more widespread among young people (nearly 1 in 3 Gen Zers). **Fixed rates** are more common among Boomers and Millennials and, to a lesser extent, Gen X.

In general, 35% of **Italians who have taken out a mortgage** are **dissatisfied with the economic conditions**, while only about 1 in 2 (56%) are satisfied. 74% of **holders with a fixed rate**, mainly for long-standing mortgages, are **satisfied with the economic conditions**, compared to only 4 out of 10 of those with a **variable rate** (25% of whom are very dissatisfied). Generationally speaking, **Millennials are the least satisfied**: less than 1 in 2 expressed satisfaction. Gen X and Boomers are happier (about 2 out of 3).

According to the survey, almost 1 in 2 Italians admit they have had **trouble paying at least one mortgage instalment**. These difficulties are mainly linked to **economic factors**: first and foremost, the **rising cost of living** (above all for 54% of Boomers) and **unforeseen expenses** (for 42% of Gen X). **Baby Boomers and Gen X** are more affected by economic issues, while **Millennials and Gen Z** are more affected by **personal issues**, such as **health problems that led to medical expenses or loss of income** (25% of Millennials) and **separation or divorce** (12% of Gen Z).

Consumer loans and BNPL¹: characteristics and difficulty in paying instalments

The survey also looked at the **relationship between Italians and payment in instalments with interest** (i.e. consumer loans), highlighting that almost 1 in 2 citizens have **taken out a consumer loan** and 15% **currently have one in progress**. This financing solution is **not very popular among Baby Boomers** (only 3 out of 10 have used one in the last 5 years).

4 out of 10 Italians who pay in instalments, with or without interest, as in the case of BNPL¹, confessed to having experienced **difficulty in paying at least one**, especially young people in **Gen Z**: in fact, this has happened to 55% (and 17% often). In contrast, **it has never happened** to 7 out of 10 **Boomers**, although it does happen frequently to 2 out of 10.

The rising cost of living, especially for **Gen X**, and **unforeseen expenses**, in particular for **Boomers**, are the main reasons for **missing a payment**. For **Gen Z**, on the other hand, personal events such as moving, separations and the birth of children have more of a negative impact.

7 out of 10 Italians have **heard of Buy Now Pay Later¹** plans, but most of those who are aware of them **have never used one**. Users are mainly concentrated **among the middle (Gen X) and younger age groups of the population**.

Among respondents **who do not use instalment loans**, only 4 out of 10 said they have never needed one, while 3 out of 10 reported psychological barriers to taking on debt. Other reasons included **distrust towards the financial system** (10% towards banks and 8% towards the transparency of the instruments). Only 6% cited **excessively high interest rates** as a reason for not taking out a loan.

As for the **motivations of loan holders**, 1 out of 3 are driven by preserving personal liquidity, especially among **Gen X**. **Gen Z** and **Boomers** are more attentive to the **convenience of the interest rate**. Only 3 out of 10 users took out a loan due to **lack of financial resources**.

Cars, household appliances and tech devices are the goods most often paid for in instalments, above all by **Gen Xers** and **Boomers**. Instead, **Gen Z** uses this solution, more than average, to pay for **clothing, motorcycles/scooters and bikes, beauty products, studies and training**.

Unipol Gruppo

Unipol is one of the biggest insurance groups in Europe and the leading company in Italy in the non-life insurance sector (especially in the MV and health businesses), with total premiums of €15.1bn, of which €8.7bn in non-life and €6.4bn in life (2023 figures). Unipol adopts an integrated offer strategy and covers the entire range of insurance products, operating primarily through the subsidiary UnipolSai Assicurazioni. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute) and supplementary pensions and covers the bancassurance channel (Arca Vita and Arca Assicurazioni). It also manages significant diversified assets in the following sectors: property, hotel (Gruppo UNA), medical-healthcare (Centro Medico Santagostino) and agricultural (Tenute del Cerro). Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

Unipol Gruppo

Media Relations

Fernando Vacarini
T. +39 051 5077705
pressoffice@unipol.it

Investor Relations

Adriano Donati
T. +39 051 5077933
investor.relations@unipol.it

Barabino & Partners

Massimiliano Parboni
T. +39 335 8304078
m.parboni@barabino.it

Giovanni Vantaggi
T. +39 328 8317379
g.vantaggi@barabino.it