

ISAs - UK - November 2017

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“A falling savings ratio and the launch of the Personal Savings Allowance pose a serious threat to the ISA market, with contributions falling for the fourth year running in 2016/17. However, low interest rates and the development of online platforms have driven new interest in the stocks and shares ISA market.”

– **Jessica Galletley, Financial Services Analyst**

This report looks at the following areas:

- Flexible rules add another unneeded layer of complication
- Delayed uptake of Lifetime ISA due to desire to stay with main bank
- Stocks and shares providers need to take charge on transparency

Overall ISA contributions have fallen for the fourth year running, as record-low rates have driven consumers to abandon their tax-free savings vehicles in search of better returns. Many people simply cannot save as much as they previously have done due to a decline in disposable income. The launch of new ISA products has also done little to resurrect contribution levels.

Despite this, the stocks and shares ISA market has seen some growth, with contributions up by 6% and the volume of accounts contributed to up by 2%. Low savings rates have led to greater consideration of investing, and new Direct-to-Consumer platforms and the development of robo-advice have made it easier for people to start investing. However, most people remain wary of investing, exacerbated by the current economic environment.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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