

Deposit and Savings Accounts - UK - April 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Banks and building societies have benefited from increased inflows of customer deposits during the pandemic. Much of this extra accumulated cash is likely to be spent – perhaps not immediately, but over the medium term. There is no room for complacency, therefore.”

– **Sarah Hitchcock, Senior Financial Services Analyst**

This report looks at the following areas:

- **The impact of COVID-19 on the retail savings market.**
- **The proportion of adults who have savings and how much they have.**
- **Where people hold their savings, eg in which products and with which providers.**
- **Intentions to save and switch to other products/providers/asset classes over the coming year.**
- **Consumer usage of, and interest in, digital savings apps.**

Mintel’s research reveals significant disenchantment among UK savers. More than two thirds are dissatisfied with the interest they are currently earning on their savings, while a substantial minority intends to invest some of their savings to potentially boost returns. Savers with the largest balances are most likely to take this course of action.

This disenchantment with low interest rates comes at a time when household savings are at record levels. As a result of COVID-related restrictions and increased economic uncertainty, consumption contracted sharply in 2020. At the same time, retail deposits increased strongly. Much of the extra accumulated savings flowed into current accounts and has stayed there, as consumers have had little incentive to move their money.

Low interest rates are set to remain a feature over the next few years, and this is arguably the biggest threat to the market. Over the past year, savings account providers have benefited from increased customer apathy. However, this is set to change within the next year or two. As the economic recovery picks up pace and as inflation begins to rise, more savers will be prompted to switch products/providers or consider alternative homes for their money.

Providers, therefore, need to shift the narrative. Rather than focus promotion on the headline rate, greater attention needs to be given to other product features and benefits. There is already movement in this direction, with several providers introducing prize draws to attract new customers and/or reward loyalty. Most providers are also focused on improving their digital services, enabling them to offer greater customer access, control and functionality. Indeed, the biggest opportunity for the market going forward is digital saving and account aggregation.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

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

Deposit and Savings Accounts - UK - April 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

Key issues covered in this Report
 COVID-19: market context
 Economic and other assumptions
 Products covered in this Report
 Household deposit balances

Executive Summary

COVID-19 has had a positive impact on the retail savings market
 Figure 1: Short, medium and long-term impact of COVID-19 on the UK deposit and savings account market, March 2021

The market
 Household savings ratio soared to 16.3% in 2020...
 ... as spending constraints led to an 11% rise in retail savings
 Figure 2: Forecast of total household deposit balances, 2015-25 (prepared on 12 April 2021)]

Current accounts and NS&I saw the greatest inflows in deposits
 Figure 3: Household deposit balances, by product type, 2016-20

Record low savings rates
 Companies and brands
 LBG and NS&I lead the way by value of customer deposits
 Figure 4: Total retail deposits for the largest 10 providers, shown on a group basis – UK, 2019-20

NS&I's new green bond will fuel interest in eco-friendly savings
 New digital brands compete in an increasingly crowded space

The consumer
 Two thirds of adults have at least £1,000 in savings
 Figure 5: Value of cash savings, February 2021

Many more savers have seen their savings grow over the past year than fall
 Figure 6: Change in value of savings compared to 12 months ago, February 2021

57% of savers are keeping at least some of their 'savings' in a current account
 Figure 7: Type of account held for savings, February 2021

Big banks dominate in the savings arena
 Figure 8: Company hold savings account(s) with, February 2021

Seven in 10 savers are putting away money regularly
 Figure 9: Agreement with statements regarding saving behaviour, February 2021

31% of savers are happy with the interest they are earning on their savings
 Figure 10: Agreement with statements regarding saving interest rates, February 2021

36% of savers are using a savings app or online tool
 Figure 11: Usage of and interest in savings apps, February 2021

59% are planning to add to their savings over the coming year

BUY THIS
 REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Deposit and Savings Accounts - UK - April 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 12: Saving intentions over the coming year, February 2021

Around two fifths of savers are planning to move their savings

Figure 13: Intentions regarding switching/transferring savings over the coming year, February 2021

Issues and Insights

Savers are dissatisfied with low rates, but apathy is maintaining the status quo

Despite growth in deposit balances, many people remain cautious about their finances

Combined easy access and time account propositions could improve take-up of the latter

The Market – Key Takeaways

Spending restrictions boost household savings

Current accounts have seen the greatest inflows

Low savings rates reduce appetite for time deposits...

... and drive interest in equity investment

Market Size and Forecast

The pandemic has exerted a positive influence over the savings market

Figure 14: Short, medium and long-term impact of COVID-19 on the UK deposit and savings account market, March 2021

Household savings grew in real terms by 10% in 2020

Figure 15: Household deposit balances (non-seasonally adjusted), at current and constant prices, 2015-20

Cautious consumers will keep saving levels high in 2021, despite an increase in spending

Figure 16: Forecast of total household deposit balances, 2015-25 (prepared on 12 April 2021)

Figure 17: Forecast of total household deposit balances, 2015-25 (prepared on 12 April 2021)

Market drivers and assumptions

Figure 18: Key drivers affecting Mintel's market forecast, 2015-25 (prepared on 31 March 2021)

Conditions are very different from the last recession

Figure 19: Household deposit balances (non-seasonally adjusted), 2006-11

Forecast methodology

Market Segmentation

Time deposits decreased by 6% in 2020...

...while consumer apathy resulted in a 25% increase in non-interest-bearing deposits

Figure 20: Household deposit balances, by product type, 2016-20

Interest-bearing sight accounts represent 50% of total household deposits

Cash ISA balances barely grew in 2020...

...while NS&I deposits were up by 18%

Market Drivers

Saving levels to remain high, despite increased spending in 2021

Spending plans are likely to centre on the home

Savings ratio in 2020 is the highest on record

Figure 21: Gross household savings and saving ratio, seasonally adjusted and at current prices, 2011-20

Threat of negative interest rates recedes

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Deposit and Savings Accounts - UK - April 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 22: Annual percentage changes in CPI and RPI and Official Bank Rate – quarterly basis, 2010-20

Stock markets buoyed by positive vaccine news

Fixed-rate products still offer better returns, on average, but only just

Figure 23: Average monthly quoted household deposit and cash ISA interest rates, February 2012-February 2021

Companies and Brands – Key Takeaways

Not all of the largest deposit takers managed double-digit growth

Current account providers and NS&I have benefitted the most from the surge in household savings

Providers focus on improving digital channels and functionality

The digital space is becoming increasingly crowded

Green savings to get a boost by new NS&I bond launch

Market Share

Certain brands attract greater inflows of deposits than others

Figure 24: Total retail deposits for the largest 10 providers, shown on a group basis – UK, 2019-20

LBG retains the largest share of retail deposits in the UK...

Figure 25: Retail deposit balances – LBG, 2019-20

...but second-placed, NS&I grew balances by the greatest margin in 2020

Nationwide's performance in 2020 was below par...

...hence, it's upping the ante in 2021

Current accounts have been the main recipients of higher balances

Figure 26: Retail deposit balances – Santander, 2019-20

Competitive Strategy and Launch Activity

Lack of real product innovation

Digital drive continues

Yorkshire Building Society on a 'digital transformation journey'

TSB Bank's new Spend & Save proposition

Digital banks face growing competitive pressure

Zopa enters savings market

JPMorgan Chase to follow Goldman Sachs in launching a digital bank

Going green

Other recent product launches

NatWest's Digital Regular Saver

Atom's Instant Saver

Revolut's USD saving account

Chip's easy access account

Raisin UK adds easy access accounts to its savings platform

Virgin Money and Principality target first-time buyers

Advertising and Marketing Activity

Savings market continues to attract low levels of adspend

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Deposit and Savings Accounts - UK - April 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 27: Above-the-line, online display and direct mail advertising expenditure on savings products, by type of product, 2018-20

Nationwide was again the highest spending advertiser in 2020, despite cutting adspend by a third

Recent entrants, Marcus and Ford Money make the top 10

Figure 28: Top 10 advertisers of above-the-line, online display and direct mail advertising on savings products, 2019-20

Ad Intel coverage

The Consumer – Key Takeaways

Many more savers have seen savings grow than fall over the past year

57% of savers are holding their savings in a current account

Scope for challenger brands to target savers with smaller balances

Disenchantment with savings rates could see more transfer to equities

Impact of COVID-19 on Saving Behaviour

Just over half of all savers say their ability to save has changed as a result of the pandemic

Figure 29: Impact of pandemic on ability to save, by gender and age, February 2021

Many more have seen their savings increase than decrease over the past year...

Figure 30: Change in value of savings compared to 12 months ago, by gender and age, February 2021

...although wealthier households are more likely to have benefited

Figure 31: Change in value of savings compared to 12 months ago, by value of cash savings, February 2021

As outgoings have reduced, many are prompted to add to their savings

Figure 32: How consumers have been affected or changed their behaviour as a result of the outbreak, by gender and age, February 2021

Having a savings buffer signals financial success for many UK adults

Figure 33: Own definition of financial success, by gender and age, February 2021

Over-55s are less eager to try out new technology

Figure 34: Agreement with statement "I like to be amongst the first to try technologies", by age, February 2021

Many people are concerned about the security of their personal data

Figure 35: Agreement with statement "It is important to know that companies protect my personal information", by age, February 2021

Amount of Savings and Type of Accounts Held

Two thirds of UK adults have at least £1,000 in savings

Figure 36: Value of cash savings, by gender and age, February 2021

Significant gender savings gap among under-55s

Figure 37: Value of cash savings, by combined gender and age, February 2021

The average saver uses 2.4 different account types

Figure 38: Type of account held for savings, February 2021

NS&I's Premium Bonds remain popular despite reduced chances of winning

Those with the largest savings balances show strong preference for fixed-term bonds

Figure 39: Type of account held for savings, by value of cash savings, February 2021

Where Accounts Are Held

86% of savers hold their savings with one of the top six banking groups

Figure 40: Company hold savings account(s) with, by product type, February 2021

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Deposit and Savings Accounts - UK - April 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Challenger brands are better at attracting savers with higher balances

Figure 41: Company hold savings account(s) with, by total value of cash savings, February 2021

Attitudes and Behaviours of Savers

Nine in 10 savers try to maintain a certain level of savings

Figure 42: Agreement with statements regarding saving behaviour, February 2021

Roughly four in five will use savings to fund major purchases

Under-45s more likely to save for a specific reason

60% of savers are keeping most or all of their savings with one provider

Two in three savers are dissatisfied with the interest they are earning

Figure 43: Agreement with statements regarding saving interest rates, February 2021

Take-up of Savings Apps

Just over a third of savers are using a saving/banking app or online tool

Figure 44: Usage of and interest in savings apps, February 2021

52% of adults are interested in a savings alert service

Intentions to Save and Switch

More than a quarter of savers are planning to dip into their savings over the coming year...

Figure 45: Saving intentions over the coming year, February 2021

...of which, nearly half are planning to make a major purchase

Figure 46: Expectations among those planning to dip into their savings, February 2021

Three in five people with balances of £50,000+ are planning to move at least some of their savings

Figure 47: Intentions regarding switching/transferring savings over the coming year, by value of savings, February 2021

Appendix – Data Sources and Abbreviations

Abbreviations

Consumer research methodology

Other sources

Appendix – Market Size and Forecast

Total market forecast – best- and worst-case scenarios

Figure 48: Forecast of household deposit balances – Best- and worst-case scenarios, 2020-25

Forecast methodology

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com