

Deposit and Savings Accounts - UK - April 2014

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"The prolonged period of low rates of return on savings products has been detrimental to savers. Consumers are now showing a tendency to grow their in-credit current account balances, which often offer more attractive rates and benefits, instead of moving money to their savings accounts."

– Chryso Kolakkides, Senior Financial Services Analyst

This report looks at the following areas:

- Are consumers still driven entirely by interest rates?
- Can competitive current accounts challenge easy-access savings accounts?
- Are there opportunities to reward customer loyalty?

The UK retail savings market has had a challenging time since 2008, with prevailing low interest rates and ongoing pressure on household budgets. In 2013, retail deposits grew, remaining well below the growth rates seen in the years preceding the financial crisis.

Dominated by a handful of players comprising the retail brands of the major British banking groups and the largest building society, the savings market has seen limited product innovation over the last few years. The introduction of the Funding for Lending Scheme (FLS) in July 2012 and the Current Account Switch Service (CASS) in August 2013 have shifted providers' focus away from their savings product range and towards their current account offerings. In an effort to attract new customers, banks and building societies are competing on new product launches with higher interest rates on in-credit balances, making current accounts an undeniable rival product to deposit and savings accounts.

This report examines these trends and their implications for both providers and consumers. Drawing on a range of information sources, it provides a comprehensive overview of how the market is evolving, as well as recent provider activity and identifies where opportunities for growth may exist. It also explores consumer saving behaviour, providing insight into savers' attitudes and intentions by analysing the results of Mintel's independently commissioned online consumer survey.

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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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