

Deposit and Savings Accounts - UK - June 2016

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“The prolonged low interest rate environment has disengaged consumers in the UK deposit and savings account market. The Government’s attempts to motivate people to build a savings pot with the new Personal Savings Allowance, among other changes, are not enough to combat the lack of competition from providers.”
– Samantha Phillips, Financial Services Analyst

This report looks at the following areas:

- Consumers show willingness to switch provider, but lack any real incentive to shop around
- Personal Financial Management (PFM) apps are key to making saving more relevant to everyday life
- Millennials are the least engaged in the savings market, but most eager to increase their savings

Growth in the overall value of UK deposit and savings accounts continues to accelerate. However, consumer engagement in the market remains low as a result of a prolonged low interest rate environment and a lack of competition from providers. Relentless rate cuts by the main banks are being countered only slightly by new challengers that are looking to grow their customer bases by offering table-topping deals.

The issue of saving has been on the Government’s agenda in recent years, with a number of changes being introduced to the market in an attempt to motivate savers. The new Personal Savings Allowance (PSA) was introduced in April 2016. Taxable savings products and the new flexible cash ISA have essentially become the same type of product for the majority of savers. Yet, even with these new benefits added to savings accounts, it is current accounts that are providing the fiercest competition.

Instead of competing on rates, providers are attempting to make saving more relevant to everyday life. Brands are introducing the concepts of gamification and personalisation to the market, whilst also adding a social dimension to saving, in an attempt to engage consumers.

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 providers’ competitive strategies. 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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Table of Contents

Overview

What you need to know

Executive Summary

The market

Retail deposits reached a total of £1.3 trillion in 2015

Figure 1: Total value of retail savings deposits from UK households and % change year-on-year, 2006-15

Interest rates continue to fall

Cash products soar in value

Figure 2: Value of new adult ISA subscriptions, 2010/11-2014/15

Savings ratio is lowest since records began

More than half of customers arrange savings accounts online

Figure 3: Method used to arrange a savings account in the last three years, April 2015

Key players

Lloyds Banking Group retains top position despite fall in market share

NS&I now holds 10% of the savings market share

New challenger banks keep savings market afloat with competitive rates

The consumer

23% of people have no savings or investments

Figure 4: Value of savings, April 2016

Easy/instant-access accounts most popular

Nearly half of adults own multiple savings products

Figure 5: Number of savings products held, April 2016

One in four is unaware of the new PSA

Figure 6: Consumer awareness of the new personal savings allowance, April 2016

Nearly half of savers are not motivated by new PSA

Figure 7: Impact of the new personal savings allowance, April 2016

One in four is putting extra money into current accounts

Figure 8: Alternatives to saving, April 2016

Millennials are most likely to be spending rather than saving

Figure 9: Alternatives to saving, by generation, April 2016

Consumers show willingness to switch provider

What we think

Issues and Insights

Consumers show willingness to switch provider, but lack any real incentive to shop around

The facts

The implications

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Personal Financial Management (PFM) apps are key to making saving more relevant to everyday life

The facts

The implications

Millennials are the least engaged in the savings market, but most eager to increase their savings

The facts

The implications

The Market – What You Need to Know

Retail deposits reached a total of £1.3 trillion in 2015

Interest rates continue to fall

Cash ISA products soar in value

Savings ratio is lowest since records began

More than half of customers arrange savings accounts online

Market Size and Forecast

Retail savings deposits climbed to £1.3 trillion in 2015

Figure 10: Total value of retail savings deposits from UK households and % change year on year, 2006-15

Retail savings balances expected to reach £1.6 trillion by 2021

Figure 11: Forecast of retail savings balances, 2011-21

Figure 12: Forecast of retail savings balances, fan chart at current prices, 2011-21

Forecast methodology

Channels to Market

More than half of customers arrange savings accounts online

Figure 13: Method used to arrange a savings account in the last three years, April 2015

Vast majority arrange directly with bank/building society

Figure 14: Savings account purchase agent, April 2015

Direct and online advice sources on par

Figure 15: Savings account first point of contact, April 2015

Market Drivers

Interest rates continue to fall

Figure 16: Average monthly quoted interest rates of UK monetary financial institutions (excluding Central Bank), not seasonally adjusted, January 2012-16

Cash ISA products soar in value

Figure 17: Value of new adult ISA subscriptions, 2010/11-2014/15

Wages exceed inflation for first time since 2009

Figure 18: Monthly change in RPI and average weekly earnings (regular pay, excluding bonuses), January 2010-January 2016

Consumer confidence edges upwards

Figure 19: Financial confidence index, January 2011-16

Savings ratio is lowest since records began

Figure 20: Gross household savings and savings ratio, seasonally adjusted at current prices, 2005-15

Regulatory and Legislative Changes

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- New Personal Savings Allowance (PSA) took effect in April 2016
- Government announces Help to Save scheme for low-income workers
- FCA launched consultation on cash savings market in January 2015
- Changes to NS&I Products
- Government budgets introduce changes to ISA market

Figure 21: Summary of changes made to ISAs and their potential impacts on the market, May 2016

Key Players – What You Need to Know

- Lloyds Banking Group retains top position despite fall in market share
- NS&I now holds 10% of the savings market share
- New challenger banks keep savings market afloat with competitive rates
- Brand building continues to boost advertising expenditure

Market Share

- Lloyds Banking Group retains top position despite fall in market share

Figure 22: Big providers' total retail savings balances, shown on a group basis, UK 2014-15

- Halifax and Nationwide are market leaders

Figure 23: Ranking of the largest group providers of each savings product, by proportion of customers, April 2016

Figure 24: Market share of selected providers, by proportion of customers, April 2016

- NS&I now holds 10% of the savings market share

Figure 25: Retail savings balances from households and market share, by sector, 2010-15

Competitive Strategies

- Account closures and rate cutting
- Simplification of product ranges
- New challenger banks keep savings market afloat with competitive rates
- Personalisation
- Gamification to help people save
- Making saving social
- Rewarding loyal customers
- Mobile improvements

Launch Activity and Innovation

- Personal Financial Management (PFM) apps
- Social saving apps
- Neobanks offer a new banking format to savings customers
- Yorkshire BS launches new Single Access Savings account
- Skipton Building Society launches Special Edition Tracker
- Peer-to-peer investing offers an alternative to savers

Advertising and Marketing Activity

- Brand building continues to boost advertising expenditure

Figure 26: Total above-the line, online display and direct mail advertising expenditure on cash savings products, by product type 2012/13-2015/16

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Key player expenditure shifts dramatically

Figure 27: Top ten advertisers of cash savings products (excluding cash ISAs and children's saving products), 2013-16

Advertisers direct 84% of content towards TV and press

Figure 28: Total advertising expenditure on cash savings products (excluding cash ISAs and children's savings products), by media type, 2015/16 (12 months to 31 March)

Nielsen Media Research coverage

The Consumer – What You Need to Know

23% of people have no savings or investments

Easy- or instant-access accounts are the most popular

Nearly half of adults own multiple savings products

One in four is unaware of the new PSA

One in four is putting extra money into their current account

Millennials are most likely to be spending rather than saving

Value of Savings and Investments

23% of people have no savings or investments

Figure 29: Value of savings and investments, April 2016

Parents of adult children living at home are most likely to have no savings

Figure 30: Value of savings and investments, by age of children/step-children living in household, April 2016

Single dwellers are most likely to have no savings

Ownership of Savings Products

Easy-access or instant access accounts are the most popular

Figure 31: Ownership of cash savings accounts, by type, April 2016

Baby Boomers and Swing Generation are most likely to have NS&I products

Figure 32: Ownership of national savings products, by generation, April 2016

Likelihood to open notice or fixed- accounts increases in line with value of savings

Number of Savings Products Held

Nearly half of adults own multiple savings products

Figure 33: Number of savings products held, April 2016

Cash ISAs and easy-access accounts continue to dominate among multiple account holders

Figure 34: Ownership of savings products, by number of saving product types held, April 2016

Awareness and Understanding of Changes to the Personal Savings Allowance

One in four is unaware of the new PSA

Figure 35: Consumer awareness of the new personal savings allowance, April 2016

Understanding gap exists in relation to new PSA

Retirees are most likely to be aware and understand meaning of change

Younger Millennials are least engaged with savings market

Impact of the New Personal Savings Allowance

Nearly half of savers are not motivated by new PSA

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Figure 36: Impact of new Personal Savings Allowance, April 2016

One in ten is planning to save less in their cash ISA as a result of PSA

18-34-year-olds are most likely to be planning to increase savings

Figure 37: Impact of the new personal savings allowance, by age group, April 2016

Alternatives to Saving

One in four is putting extra money into their current account

Figure 38: Alternatives to saving, April 2016

18-34-year-olds are most likely to be investing as an alternative to saving

Figure 39: Alternatives to saving, by age group, April 2016

Millennials are most likely to be spending rather than saving

Figure 40: Alternatives to saving, by generation, April 2016

Nearly half of savers are not finding alternative uses for their disposable income

Figure 41: Number of alternatives to saving, by value of savings and investments, April 2016

People in Inner & Greater London are most likely to have 3+ alternative uses for their savings

Approaches to Exploring New Accounts

Consumers show willingness to switch provider

Figure 42: Behaviours when exploring savings options, April 2016

Older people are less likely to move savings to a different provider

Figure 43: Likelihood to move savings to another provider for a better rate, by age group, April 2016

Younger people are most likely to consider introductory bonuses

Figure 44: Likelihood to consider introductory bonuses, by age group, April 2016

People with £20,000-49,000 in savings are most likely to use PFM apps

Figure 45: Likelihood to use Personal Financial Management apps, by value of savings, April 2016

Appendix – Data Sources, Abbreviations and Supporting Information

Products covered in this report

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

Forecast – Retail savings balances

Figure 46: Best- and worst-case forecast for the value of total retail savings balances, 2016-21

Forecast methodology

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