

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

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

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## 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

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- New Personal Savings Allowance (PSA) took effect in April 2016
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- 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

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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

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Nearly half of savers are not motivated by new PSA

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