

Deposit and Savings Accounts - UK - May 2019

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.



“Consumers remain reluctant to look beyond easy access accounts. They need more help to identify their savings goals and understand how they can make the most of higher paying limited access accounts. Online tools and open banking technology have the potential to give people new perspective when managing their savings.”
– Douglas Kitchen, Financial Services Analyst

This report looks at the following areas:

- **Improving brand profile and gaining consumer trust is vital for savings superstores**
- **High street brands must adapt in order to attract younger savers**

Total savings deposits grew by in 2018. This represented a modest increase considering the two increases in the Bank of England (BOE) base rate since November 2017. Nevertheless, with a background of economic uncertainty, the prospect of further rate rises and high street brands committed to helping customers save for the future, Mintel expects that growth rate for deposits will increase in 2019 and 2020.

Savers prefer to retain easy access to their savings. Even among those who have built up significant savings pots, ownership of fixed-rate or limited access accounts is low.

This Report examines consumer ownership of savings products before looking into the important factors that consumers take into account when choosing a savings provider. The sources of information used when researching savings providers and saving plans and expectations are considered. Finally, awareness of and interest in savings superstores is examined.

**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 - May 2019

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

- What you need to know
- Products covered in this Report

Executive Summary

The market

Growth stays at 3% in 2018

Figure 1: Total retail savings deposits, 2008-18

Total savings deposits forecast to near £2 trillion by 2023

Figure 2: Forecast of total retail savings deposits, 2013-23

Rate rises filter through to new fixed-rate accounts

Figure 3: Effective interest rates on household deposit balances versus official Bank of England base rate, January 2010-February 2019

Earnings growth outpacing inflation

Figure 4: Annual change in the Consumer Price Index (CPI) and average weekly earnings (year on year 3 months average), October 2012-January 2019

Over one third hope to add to their savings

Figure 5: Trends in saving activities over the last three months, June 2012-January 2019

Companies and brands

LBG accounted for 17% of retail savings balances in 2018

Figure 6: Providers' total retail savings balances at year end, shown on a group basis – UK, 2017-18

Goldman Sachs' 'Marcus' account looks set to disrupt the easy access market

Best buy cash ISA rates reach highest level since 2016

The consumer

Easy access accounts continue to be strongly favoured

Figure 7: Ownership of cash savings products, February 2019

Providers face challenge to accommodate a range of preferences

Figure 8: Incentives when choosing a savings account provider, February 2019

Current account providers retain strong grip on the market

Figure 9: Preferred sources of information when looking for a new savings account provider, February 2019

Saving for security tops the list of motivations

Figure 10: Saving plans over the next two years, February 2019

Few expect to save in a limited access account

Figure 11: Saving expectations over the next two years, February 2019

Savings superstores appeal to over half

Figure 12: Awareness of and interest in savings superstores, February 2019

What we think

Issues and Insights

Improving brand profile and gaining consumer trust is vital for savings superstores

**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 - May 2019

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.

The facts

What this means

High street brands must adapt in order to attract younger savers

The facts

What this means

The Market – What You Need to Know

Growth stays at 3% in 2018

Significant growth among easy access savers, and interest-paying current accounts

Interest rates are on the rise

Earnings growth outpacing inflation

Market Size and Forecast

Growth remained low in 2018...

...but competition and focus on savings is increasing

Figure 13: Total retail savings deposits, 2008-18

Total savings deposits forecast to near £2 trillion by 2023

Figure 14: Forecast of total retail savings deposits, 2013-23

Figure 15: Forecast of total retail savings balances, at current and constant prices, 2013-23

Forecast methodology

Market Segmentation

Interest-bearing sight deposits increase market share

Non-interest bearing deposits fall by 11%

Figure 16: Household retail savings balances, by main product type, 2014-18

Market Drivers

Interest rates edge upwards...

Figure 17: Effective interest rates on household deposit balances versus official Bank of England base rate, January 2010-February 2019

...however future movement is largely dependent on Brexit

FCA discussion paper looks to increase competition in the market

Earnings growth on the rise as inflation falls

Figure 18: Annual change in the Consumer Price Index (CPI) and average weekly earnings (year on year 3 months average), October 2012-January 2019

Saving ratio increases but is still negative

Figure 19: UK households' cash basis saving ratio and national accounts saving ratio, seasonally adjusted and at current prices, Q1 2014-Q2 2018

Over one in three have more than £10,000 saved

Figure 20: Value of savings and investments, February 2018 vs February 2019

Consumer Environment

Opportunities to boost focus on saving

Figure 21: Trends in saving activities over the last three months, June 2012-January 2019

Half are concerned about the effect of Brexit on the cost of living ...

Figure 22: Attitudes towards the effect of Brexit on the cost of living, July 2016-January 2019

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 - May 2019

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.

...and a third about the impact on the value of their savings and investments

Figure 23: Attitudes towards the effect of Brexit on the value of savings and investments, July 2016-January 2019

Companies and Brands – What You Need to Know

LBG accounts for 17% of retail savings balances

Best buy cash ISA rates reach highest level since 2016

Goldman Sachs' 'Marcus' account looks set to disrupt the easy access market

Hargreaves Lansdown launches the latest savings superstore

Savings adspend increased by 5% in 2018/19

Market Share

Lloyds Banking Group remains the dominant force in the market

Figure 24: Providers' total retail savings balances at year end, shown on a group basis – UK, 2017-18

High-street banks lead the way for easy-access and regular saver accounts

Fixed-rate savers are more likely to use lesser-known providers

Figure 25: Savings product provider used, by product type, February 2019

Competitive Strategies

Smaller savings providers look to have reinvigorated the cash ISA

Lloyds and Nationwide place emphasis on saving for the future

High-street banks offer preferential rates to current customers

Launch Activity and Innovation

Marcus shakes up the easy access market

Hargreaves Lansdown launches online savings marketplace

Open Banking developments offer tools to boost savings

On the high street...

...and through new partnerships

Case study: mobile- and online-only brands are developing their savings account offerings

Advertising and Marketing Activity

Savings adspend increased by 5% in 2018/19

Figure 26: Above-the-line, online display and direct mail advertising expenditure on cash savings products, by type of product, 2016-19

Nationwide tops advertising spend for 2018/19

Figure 27: Top 15 advertisers of above-the-line, online display and direct mail advertising on cash savings products, 2016/17-2018/19

TV adspend share falls, but remains the dominant channel

Figure 28: Share of above-the-line, online display and direct mail advertising expenditure on cash savings products, by type of media, 2018/19

Nielsen Ad Intel coverage

The Consumer – What You Need to Know

Easy access accounts remain the most popular

Providers face challenge to accommodate a range of preferences

Current account providers retain strong grip on the market

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 - May 2019

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.

Saving for security tops the list of motivations
 Few expect to save in a limited access account
 Savings superstores appeal to over half

Product Ownership

Over half own an easy access account
 Figure 29: Ownership of cash savings products, February 2019

Scope to increase ownership of limited access accounts
 Figure 30: Ownership of cash savings products, by value of savings and investments, February 2019

Important Factors When Choosing a Savings Account Provider

Cash incentives top the list

Branch-based providers have strong appeal
 Figure 31: Incentives when choosing a savings account provider, February 2019

High-street banking savers want cross-channel access
 Figure 32: Incentives when choosing a savings account provider, by savings account provider used, February 2019

Generation Z and Millennials are the most likely to be tempted by budgeting tools
 Figure 33: Importance of budgeting tools when choosing a new savings provider, by generation, February 2019

Preferred Sources of Saving Account Information

Current account providers are the most popular sources of information
 Figure 34: Preferred sources of information when looking for a new savings account provider, February 2019

43% of customers of the big five banking groups would use a price comparison site
 Figure 35: Preferred sources of information when looking for a new savings account provider, by savings account provider used, February 2019

Saving Plans

Building a savings buffer is the major priority

Almost one third of Generation Z are saving for a big ticket purchase
 Figure 36: Saving plans over the next two years, February 2019

Budgeting tools can help people achieve their goals
 Figure 37: Saving plans over the next two years, by incentives when choosing a new savings provider, February 2019

Saving Expectations

Little interest in limited access products

Competition from high interest-paying current account persists
 Figure 38: Saving expectations over the next two years, February 2019

Price comparison sites are the main source of information for those looking to open a new account or switch
 Figure 39: Preferred channels used when looking for a new savings account provider, by savers expecting to open a new savings account or switch their saving provider, February 2019

Interest in Online Savings Marketplaces

Over 50% are interested in using savings superstores...

...but trust remains a barrier
 Figure 40: Awareness of and interest in savings superstores, February 2019

**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 - May 2019

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.

Those looking to save for a deposit are key targets

Figure 41: Awareness of and interest in savings superstores, by savings plans, February 2019

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

Figure 42: Best and worst case forecasts scenarios for total retail savings deposits, 2018-23

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