British Savers Tuck Away £12 Billion Monthly, but Not Just Into 'Savings Accounts'

Tuesday 7 April, 2015

Related Sectors:

Personal Finance ::

Scan Me:

- **Half (48 per cent) of consumers now use a regular current account to save money**
- **A fifth (21 per cent) have taken a riskier approach to saving due to the low base rate**

British savers collectively set aside £12 billion* per month, but are shunning the use of traditional savings accounts, and in some cases, turning to 'riskier' investment products as a result of low interest rates according to research** from MoneySuperMarket.

The UK's number one comparison site reveals three-quarters of people (76 per cent) are actively saving, and put £310 each per month away on average. Those aged 18 to 34 are the most disciplined and manage to save £438 a month on average. Those aged 35 to 54 save £297 and the over 55s amass £225 each on average. Male savers squirrel away the most money on average, saving £353 per month, compared to women who save £269.

Kevin Mountford, head of banking at MoneySuperMarket said: "Bearing in mind those aged 18 to 34 could be striving to put together a deposit to buy their first home, it's understandable that they would be the most determined to save up to get a foot on the property ladder."

Savers looking to maximise the return on their money are turning to current accounts with attractive in credit interest rates. With the leading accounts having interest rates as high as 5 per cent it's not surprising that almost half of savers (48 per cent) are choosing their regular bank account to store their savings. Savers are still being savvy with their tax free allowance and more than two-fifths (45 per cent) have a cash ISA, whilst 43 per cent use an instant access savings account.

Whilst the Bank of England's base rate has been stuck at an all-time low for six years, one in five (18 per cent) of those saving have moved their money into longer term savings or investments to get a better interest rate, while 15 per cent moved their savings to a high in credit interest rate current account.

However, as a result of poor returns, more than a fifth of savers (21 per cent) wanting to make the most of their money have been willing to take more of a gamble. Stocks and shares ISAs were the investment product of choice for 13 per cent of savers while a further eight per cent have taken what they class as a 'riskier' approach to saving in the hope of getting the best returns. Meanwhile, 17 per cent simply chose to put less money into any form of saving, and a further 16 per cent actually withdrew some of their savings and spent it while rates have been unappealing.

Kevin Mountford, continued: "It's encouraging people are persevering with saving and being savvy with where they hold their hard earned cash to get the best return on their money. The world of banking has changed significantly as a result of record low Base Rate, and the introduction of the Funding for Lending scheme effectively cut any hope for savers.

"Banks and building societies have switched their focus on attracting new current account customers with the lure of high in credit interest rates as well as cashback incentives. It's a shame many of the traditional banks aren't looking after those who are die hard savers, leading to some savers turning to less obvious brands and in some cases, more risky investment products.

"However, despite low rates, the benefits of switching to a market leading saving account can still pay dividends, especially if you haven't switched for a while as there is no doubt the rate you will receive on your existing pot will be negligible. Until the new tax rules on savings interest are introduced in April 2016, people should look to maximise the benefits of their tax free ISA allowance, which is now £15,240 for the current tax year as the tax benefits make your savings go even further.

"Having a range of savings options is also important – rather than putting all of your eggs in one basket, by mixing traditional savings, Cash and stocks & shares ISAs and in-credit interest current accounts, will mean you are getting more bang for your buck."

Ends

Notes to Editors:

* Percentage of savers= 76%. Average amount saved per m Current population is estimated at: 50,502,000 (ONS) Therefore, 76% of Populati people who save. The collective amount saved = 8,381,520 x £310.35 = £11,911,789,378 (£11.9 Billion).

**Opinium Research carried out an online poll of 2,004 British adults from 6th to 10th March 2015. Results have been weighted to nationally representative criteria.

For further information contact:

Lisa Elliott / Lucy Banks / Sarah Muir

Lansons

020 7294 3679 / 020 7294 3689 / 020 7294 3628

lisae@lansons.com / lucyb@lansons.com / sarahm@lansons.com

Paul Lawler / Nicki Parry / Kate McCully

0787 237 9545 / 01244 370 318 / 01244 221978

paul.lawler@moneysupermarket.com /
Nicola.parry@moneysupermarket.comkate.mccully@moneysupermarket.com

Company Contact:

_

Pressat Wire

E. support[@]pressat.co.uk

View Online

Newsroom: Visit our Newsroom for all the latest stories:
https://www.wire.pressat.co.uk