

The Great British Savings Squeeze

GREAT BRITISH SAVINGS SQUEEZE
Supported by Allica Bank

Monthly Savings Tracker | 1st April 2024

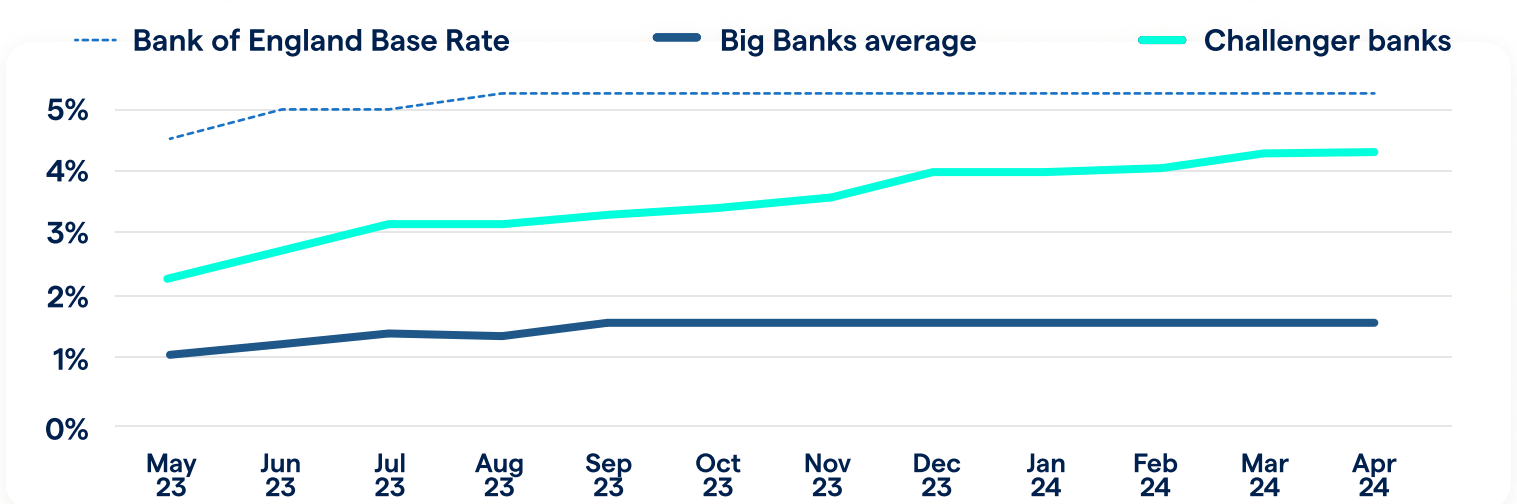
Key takeaways

The average SME with **£75,000 of savings** is missing out on £2,058 a year in interest from their bank.

The average interest rate available from the big banks **has not changed at all** since September 2023.

Businesses are offered up to **2.74% more** on their savings by challenger banks.

	Instant access	Interest earned on £75k deposit (AER)
Average offered by the Big Banks	1.59%	£1,190
Best rate from challenger banks	4.33% AER	£3,248
Difference	2.74% (bps)	£2,058



Analysis

The gap in rates offered to businesses by big banks and challenger banks has increased since the start of 2024, with the best challenger bank savings rate reaching 4.33% compared to the average across all big banks at 1.59%.

This has created a savings interest gap of 2.74% – 0.32 percentage points higher than in February 2024. This is the largest gap observed in the past year, with a 13.2% increase since February.

The gap in savings rates translates into a real world savings penalty for SMEs keeping their hard-earned deposits in low-interest accounts – the annual SME savings penalty based on April figures has now risen to £2,058, with it exceeding £2,000 for the first time in March.



“It makes no sense to see such a big gap between the rates offered by challenger banks and the large high street banks – and to see that gap jump by 13% in the past two months alone shows how out of touch many of the banks are with SMEs and the pressures they face from the cost of business crisis.

“It’s high time we saw action taken to make the big banks pass on more savings interest to their SME customers. As it stands, SMEs are losing thousands of pounds leaving their savings languishing in low interest accounts with the big banks.”

Richard Davies, CEO at Allica Bank

About the Monthly Savings Tracker

The Monthly Savings Tracker will be published monthly to monitor how the big six banks change the rates they’re offering to SMEs over time. This is then compared to the best rates available on the market from challenger banks.

It is a follow-up to original research by Allica Bank, The Great British Savings Squeeze, published in October 2023.

About The Great British Savings Squeeze petition

Small businesses lose out on £7.5 billion a year in savings interest because big banks aren't offering them the rates their hard work deserves.

The Great British Savings Squeeze petition wants to fix that and get small businesses the money they deserve.

With support from the Federation of Small Businesses and Institute of Directors, we’re calling for change in the business savings market.

Find out more at savingsqueeze.com

Or reach our team at savingsqueeze@allica.bank

Methodology: The ‘Average rate offered by the Big Banks’ is determined by taking the average rate offered to a business with £75,000 of savings at the time of publication by the six major big banks in the UK by market share: Barclays, Nationwide, HSBC, Lloyds, NatWest and Santander. Historic data is taken from the first of each month.

The ‘Best rate from challenger banks’ is sourced from Moneyfacts’ ‘Business Easy Access Savings’ best-buy tables at moneyfactscompare.co.uk.