

The Great British Savings Squeeze

GREAT BRITISH SAVINGS SQUEEZE
Supported by Allica Bank

Monthly Savings Tracker | 1st May 2024

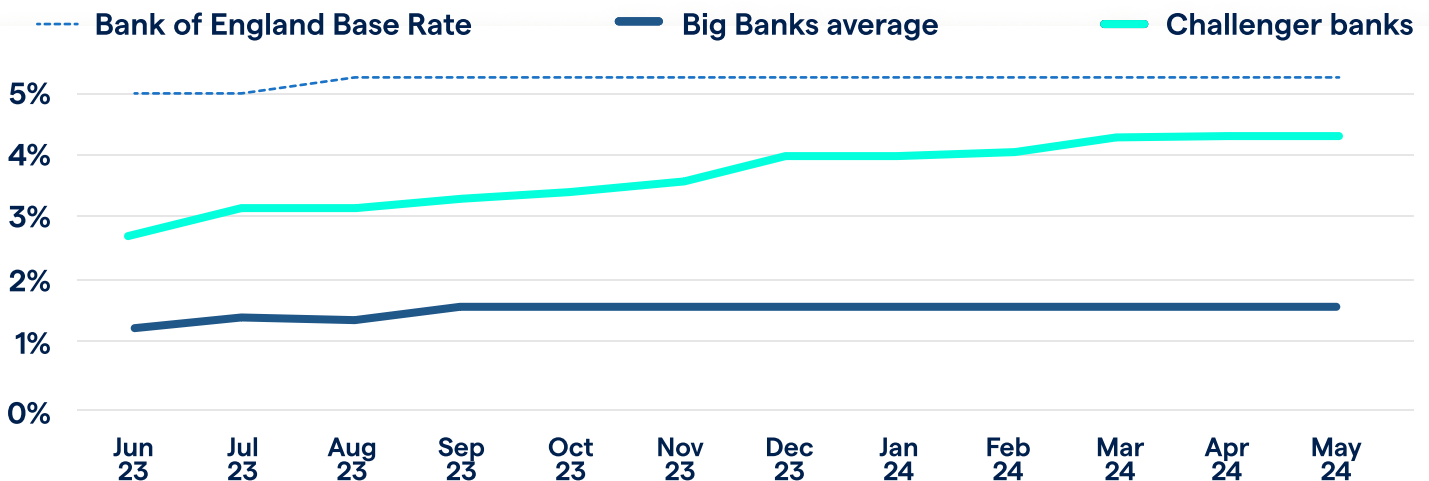
Key takeaways

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

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.

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



Analysis

The gap in savings rates offered to SMEs by big banks and challenger banks has held steady since last month, with the best challenger bank savings rate being a high of 4.33% compared to the average across all Big Banks at 1.59%. This has maintained a gap of 2.74%, which was recorded last month, and which remains the largest gap seen in the past year.

While challenger banks have typically been increasing their interest rates in line with the Bank of England Base Rate (currently 5.25%), the average rate offered by incumbent banks has been entirely

stagnant for the last nine months. This means that SMEs who keep their savings in low-interest accounts run by the Big Banks are missing out on approximately £172 in extra savings each month. Taken across the whole SME economy, Big Banks are withholding a staggering £208 million a month from British SMEs.



“SMEs across the country are getting ripped off when it comes to their business savings. By tracking the rates that major banks offer to their small business customers it shows that nothing is changing.

“The Bank of England Base Rate has consistently sat at over 5% for almost a year now, which means there is no excuse for banks not to be passing on better savings rates to their SME customers.

“Seeing the continued stagnation of the rates offered to SMEs just confirms to me that they don't value their small business customers. It's an incredibly tricky time to be a business owner in the UK and every penny counts.”

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.