

The Great British Savings Squeeze

GREAT BRITISH SAVINGS SQUEEZE
Supported by Allica Bank

Monthly Savings Tracker | 1st June 2024

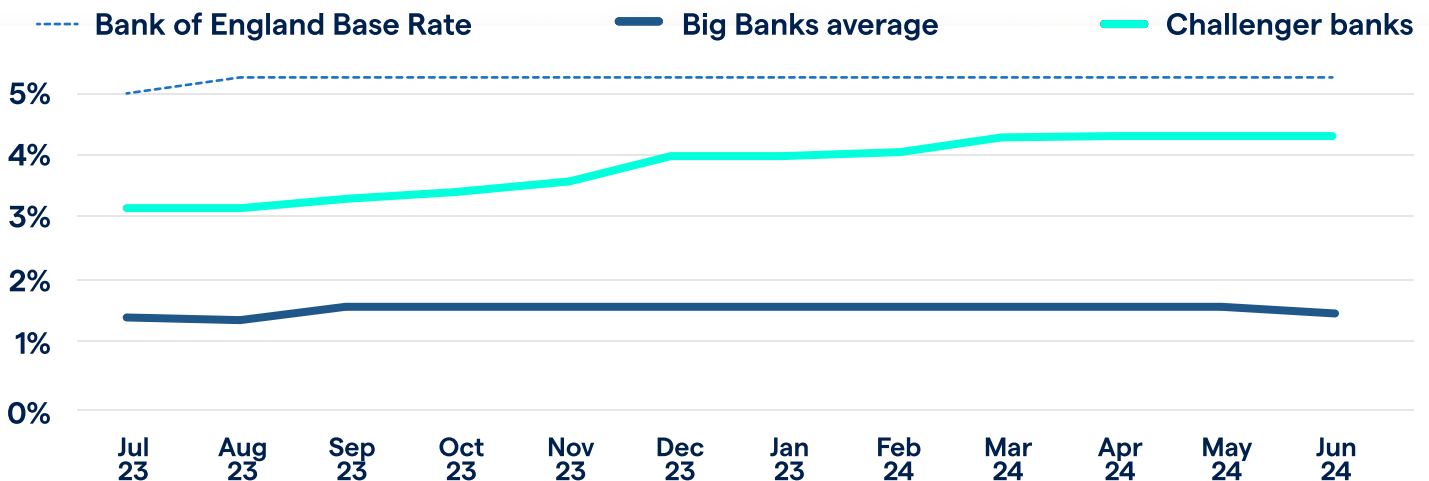
Key takeaways

Businesses are offered up to **2.88% more** on their savings by challenger banks.

The average SME with **£75,000 of savings** is missing out on £2,157 a year in interest from their bank.

The average interest rate available from the big banks has **reduced this month** to 1.45%.

	Instant access (AER)	Interest earned on £75k deposit
Average offered by the Big Banks	1.45%	£1,091
Best rate from challenger banks	4.33%	£3,248
Difference	2.88% (bps)	£2,157



Analysis

The gap in savings rates offered to SMEs by Big Banks and challenger banks has marginally widened in the last month. British high street banks now offer an average interest rate of 1.45% on small business savings, down from 1.59%. In comparison, challenger banks are continuing to offer rates of up to 4.33% on the same cash.

This reduction in rates offered by Big Banks may seem small in percentage points, but it adds up when it comes to yearly interest.

SMEs with the average amount of savings (£75,000) who bank with the UK's biggest banks are now missing out on £2,157 a year in potential interest, previously this amount was £2,058.

Multiply this across all the SMEs in the UK (circa 5.5 million) and Big Banks are withholding a staggering sum from not just small businesses, but also local economies.



“Every month our tracker continues to show that British SMEs are being ripped off when it comes to their business savings. We hope that by bringing attention to this issue we can start to change things for the better and help business owners across the UK to make the most of their savings.

There are more than five million SMEs in the UK who bring huge value to the UK economy and our communities. It's time they were given the banking they deserve.”

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 savingssqueeze.com

Or reach our team at savingssqueeze@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.

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