

19 March 2009

## Banks v Building Societies

Banks have taken over the mantle from the building societies by offering the most competitive overall deals on both savings and mortgages.

The building societies had offered the best range of products when it came to savings, but it appears that their members have been harder hit than bank customers by the recent cuts in base rate.

While they no longer offer the best overall range of savings products, the building societies do offer the majority of best buy deals, taking 60% of the places in the Moneyfacts best buys.

### Savings

Account Type	Bank Average	Building Society Average
No Notice (£5K)	1.01%	0.76%
Notice (£5K)	1.30%	0.98%
Fixed Rate Bond (£5K)	2.71%	2.98%
Cash ISAs (£3.6K)	2.25%	1.98%

Source: Moneyfacts.co.uk 19.3.09

### Mortgages

Mortgage Type	Bank Average	Building Society Average
SVR	4.30%	5.02%
2 Year Fixed	4.66%	4.88%
2 Year Fixed Fee	£985	£837
2 Year Fixed LTV	74.0%	72.6%
2 Year Tracker	3.55%	3.55%
2 Year Tracker Fee	£1,024	£985
2 Year Tracker LTV	70.1%	68.9%

Source: Moneyfacts.co.uk 19.3.09

**Michelle Slade**, analyst at **Moneyfacts.co.uk**, comments:

“The banks have come in for plenty of criticism in the last 18 months, but overall they are offering the best deals to their customers.

“Banks are not known for offering best buy savings deals, but they now dominate them for fixed rate bond and cash ISAs. It appears they have upped their game in an attempt to maintain existing savers as well as attracting new customers.

“As a result of having diverse income streams, the banks have been able to pass on more of the base rate reduction to their customers through lower mortgage rates. Despite it being a sluggish mortgage market the main high street banks want to be seen as offering the most competitive deals.

“Building societies receive the majority of funding for mortgages from their savings book. They compete on a much smaller scale in the mortgage arena as they are unable to write off such large debts, resulting in them taking a larger margin for risk.

“Despite no building society failing, they have been lumbered with the expense of contributing to the Financial Services Compensation pool. In response building societies will have had no alternative but to factor this into their pricing. “

Note to Editors:

## About Moneyfacts.co.uk

Moneyfacts.co.uk is the UK's leading **independent** provider of personal finance information. For the last 20 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury to the high street.

Our increasingly popular consumer website [www.moneyfacts.co.uk](http://www.moneyfacts.co.uk) **helps customers make better financial decisions** and gives them the ability to check the latest best buy products and to search the **whole market** for products that suit their individual circumstances.

Moneyfacts.co.uk also supplies best buy charts to many of the UK national and regional newspapers, with a total weekly readership in excess of 22,000,000. Moneyfacts.co.uk also provides the personal finance data that powers many UK online comparison websites.

Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at [www.moneyfactsgroup.co.uk](http://www.moneyfactsgroup.co.uk).

## Contact us...

Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

Press Office	<b>Darren Cook</b> Head of Press & PR	01603 476207 <a href="mailto:dcook@moneyfacts.co.uk">dcook@moneyfacts.co.uk</a>
	<b>Michelle Slade</b> Press Officer	01603 476454 <a href="mailto:msslade@moneyfacts.co.uk">msslade@moneyfacts.co.uk</a>
Out of hours	<b>Darren Cook</b> Head of Press & PR	07803 899935
An ISDN line is available for broadcast: 01603 230551		