

16 July 2009

Graduate finance

As another academic year draws to a close, many graduates are leaving university to enter very challenging times. The recession is having a detrimental effect on the number of jobs available, so it is important that students take their finances seriously.

Louis Kaszczak, Head of Moneyfacts.co.uk, comments:

“After years of studying, it is unlikely that sorting out their finances is the first thing on graduates’ minds, but with many leaving university owing a five figure sum, finding the best graduate account for their circumstances could help save them money.

“Many graduates will inevitably remain loyal to their student account provider, but there is no reason why they can’t switch to get a better deal.

“In the first year, the level of interest-free overdraft on a graduate account ranges from £1,000 up to £3,000. Additional authorised borrowing is typically charged at between 9.9% EAR and 19.9%. Shopping around is key to ensure you don’t end up paying more interest than you need to.

“Many may discount the Barclays Bank Graduate Additions account because of the £5pm fee, but with an additional £1,000 interest-free overdraft in the first year compared to other non fee paying accounts it is worth considering.

“Many accounts offer incentives in order to attract your business, but they should be a bonus and not the reason for selecting the account.

“In order to get your student debt paid off, the first thing you need to do is to work out exactly how much you owe. Then you can work out a monthly budget and decide how much you can afford to repay towards your debts.

“As with any debt, paying off those charging the highest rates of interest first is key. The average rate payable on a credit card is 18.1%, while the interest payable on your student loan is much lower (in line with inflation).

“Graduates are key targets for banks, as many will go on to well paid jobs and will likely buy other financial products such as mortgages from them in future. If you do start struggling with your debt, don’t bury your head in the sand. Instead, head into your local branch where advisers will help you get your finances in order.”

Provider	Account	Account Fee	Credit Interest	Interest Free Overdraft	Authorised Overdraft	Incentives
Abbey	The Abbey Account (Graduate)	Nil	0.10%	Year 1 - £2,000, Year 2 - £1,000, Year 3 - £500	9.9%	Specialist advice service
Abbey	The Abbey Account (Post Graduate)	Nil	0.10%	Year 1 - £1,000, Year 2 - £1,500, Year 3 - £1,800, Year 4 - £1,800	9.9%	Specialist advice service
Barclays Bank	Graduate Account	Nil	0.10%	Year 1 - £1,500, Year 2 - £1,000	19.3%	Specialist advice service
Barclays Bank	Graduate Additions	£5pm	0.10%	Year 1 - £3,000, Year 2 - £2,000, Year 3 - £1,000, Year 4 - £500, Year 5 - £200	9.9%	Specialist advice service, Mobile Phone and Gadget Insurance, Breakdown Cover and dedicated discounts through www.barclaycardandme.com
HSBC	Graduate Bank Account	Nil	Nil	Year 1 - £1,500, Year 2 - £1,000	19.9%	Preferential savings and loan rates and identity theft assistance
Lloyds TSB	Graduate	Nil	0.10%	Year 1 - £2,000, Year 2 - £1,500, Year 3 - £1,000	16.8%	Specialist advice service and commission free travellers cheque and currency
NatWest	Graduate	Nil	0.10%	Year 1 - £2,000, Year 2 - £1,000, Year 3 - £500	17.81%	Specialist advice service and commission free travellers cheque and currency
Royal Bank of Scotland	Graduate Royalties	Nil	1.02%	Year 1 - £2,000, Year 2 - £1,500, Year 3 - £1,000	9.9%	Preferential savings and loan rates, discounts on home and car insurance, discounts at selected shopping retailers, holiday discounts and commission free travel money.

Source: Moneyfacts.co.uk 16.7.09

About Moneyfacts.co.uk

Louis Kaszczak is Head of Moneyfacts.co.uk, the UK's leading **independent** provider of personal finance information. For the last 21 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury and the Bank of England to the high street.

Our increasingly popular consumer website 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.

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.

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