

27 July 2009

Banks increase use of bonuses to boost rates

Banks and building societies are continuing to add ever bigger bonuses to their savings accounts as a temporary measure to increase the rates offered to savers.

In the last two years the percentage of variable rate savings accounts including a bonus has increased from 10.8% to 16.4%, while the size of the average bonus has nearly doubled from 0.64% to 1.10%.

	Two Years Ago	One Year Ago	Jan 2009	Today
Percentage of accounts including a bonus	10.8%	13.4%	14.1%	16.4%
Average size of bonus	0.64%	0.75%	0.89%	1.10%
Largest bonus payable	1.00%	1.55%	2.17%	2.65%

Source: Moneyfacts.co.uk 27.7.09

Michelle Slade, spokesperson from Moneyfacts.co.uk, commented:

“The savings market continues to be very competitive at present, with banks and building societies doing battle to attract saver’s money.

“Providers are continuing to offer ever larger bonuses as a way of temporarily boosting the rates on offer.

“Of the top ten easy access rates available at present, seven include significant bonuses.

“The size of the bonuses continue to increase, with in many instances the vast majority of the rate being comprised up of bonus. While this can provide short term gains, if savers neglect to move their money when the bonus ends, they may find themselves left with an account paying an uncompetitive rate.

“Currently the onus is on the saver to remember when a bonus period ends. To ensure you don’t get caught out it, may be worth making a note in your diary, so that you can review your savings needs at that time.

“Savers need to ensure they fully read and understand the terms and conditions of any savings account, before they commit their money.

“Many of the top deals that have been launched in recent months come with catches to get the best deals. We are seeing increasing number of savings accounts either restricting the number of withdrawals that can be made or interest rates being cut if funds are accessed.”

About Moneyfacts.co.uk

Moneyfacts.co.uk is 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.

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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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