

10 August 2009

Battle continues to secure savers money

The battle between banks and building societies to attract savers' money shows no signs of easing, with new competitive deals being launched each day.

Back in March when base rate dropped to 0.50%, there were just three fixed rate bonds paying 4% or over. Today that number has jumped to 104.

Banks and building societies prefer to keep savers money for four or five years, and this offer the best rates for longer term deals.

Average fixed rate bond rates

	1 year bond	2 year bond	3 year bond	4 year bond	5 year bond
Mar-09	2.78%	2.83%	2.98%	2.89%	2.86%
Apr-09	2.79%	2.97%	3.13%	3.25%	3.08%
May-09	2.86%	3.12%	3.30%	3.39%	3.36%
Jun-09	3.04%	3.40%	3.48%	3.57%	3.77%
Jul-09	2.98%	3.34%	3.52%	3.72%	3.74%
Aug-09	3.15%	3.64%	3.84%	4.12%	4.38%
Increase In average rate	0.37%	0.81%	0.86%	1.23%	1.52%

Source: Moneyfacts.co.uk 10.8.09

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

“Most fixed rates investments don’t allow early access, as this guarantees the length of time the fund are available to the provider.

“Continuing volatility in the money markets is seeing providers increasingly having to use their savings books towards funding their lending activities.

“There has been a marked rise in all types of fixed rate investments, including bonds, ISAs and escalator bonds.

“Escalator bonds work in the same way as traditional fixed rate bonds but the interest rates rises in steps, typically each year.

“While the rates in the higher years are headline grabbing, those in the earlier years can be lower than those offered on best buy products.

“Savers are seeing increased levels of choice for their money, but they need to take the time to make sure the product they select is suitable for their needs.

“Many bonds offer no access during the term, if a savers circumstances change and they need to access the funds, they may be unable to do so.

“While longer term deals may offer the most attractive rates now, when base rate increases these deals may become uncompetitive.”

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.

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	Darren Cook Head of Press & PR	01603 476207 dcook@moneyfacts.co.uk
	Michelle Slade Press Officer	01603 476454 msslade@moneyfacts.co.uk
Out of hours	Darren Cook Head of Press & PR	07803 899935
An ISDN line is available for broadcast: 01603 230551		