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Providers target savers willing to lock money away

Banks and building societies are continuing to target savers willing to lock their money away in a fixed rate bond, a move that appears to be paying off.

Latest Moneyfacts.co.uk data shows that in August, 37pc of savers were looking for a fixed rate account, up from 29pc at the start of the year. By comparison, those looking for easy access declined from 32pc to 27pc.

The highest rates continue to be offered on bonds with a five year term, but Moneyfacts figures show that 78% of those searching for fixed rate bonds are looking for no more than a two year commitment.

Average bond rates

	1 year Bond	2 year Bond	3 year Bond	4 year Bond	5 year Bond
Jan-09	3.62%	3.37%	3.46%	3.64%	3.33%
Feb-09	3.00%	2.89%	3.08%	3.09%	2.95%
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%
Sep-09	3.11%	3.73%	4.03%	4.21%	4.61%

Source: Moneyfacts.co.uk 17.9.09

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

“Providers are choosing more than ever before to use their savings book over the money markets to fund their lending activities.

“Savers prepared to lock their money away can find top rates as much as 2% higher than those available on an easy access account.

“Despite the highest rates being offered for a four or five year commitment, savers don't appear to be tempted.

“Savers are concerned that once bank base rate increases, their money will be locked into an account which will be uncompetitive in the future.

“Those providers that really want to tempt savers money are offering top rates for a one or two year commitment.

“Access to funds appears to have become less important in this low interest rate environment as savers look at alternative options to maximise the returns on their money.”

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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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