

# MIND THE GAP IF YOU'RE AN 'OFFLINE' SAVER

If you're not a fan of online banking, it's hard to pick up a best-buy savings deal on the high street. We look at why this is happening and what you can do

BY STEPHEN LITTLE

Millions of people could be missing out on the best interest rates because they are not online, which is bad news for those who rely on their savings income. We take a look at the reasons behind the growing divide and how much you could be losing by sticking with high street banks and building societies.

While growing competition is benefiting savers with better rates, those who bank on the high street are increasingly worse off.

Whether it is an easy-access bank account or a fixed-rate bond, most of the best-buy accounts are only available online.

If you bank online, finding out the best savings rates could not be simpler. All you have to do is use a search engine or a price comparison site to compare products to find the best deal. However, for those who don't use the internet comparing the best deals is more difficult.

The growing gap between online and offline rates is hitting

older people the hardest, as many are wary of using internet banking because of potential security risks.

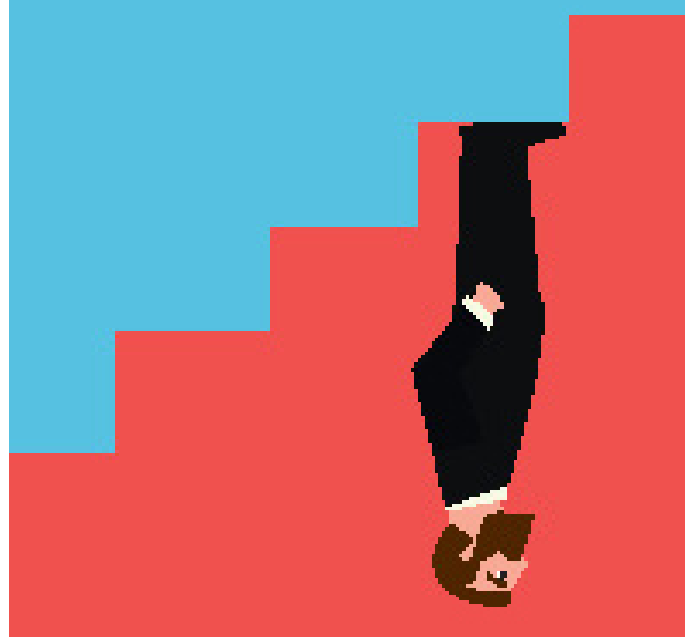
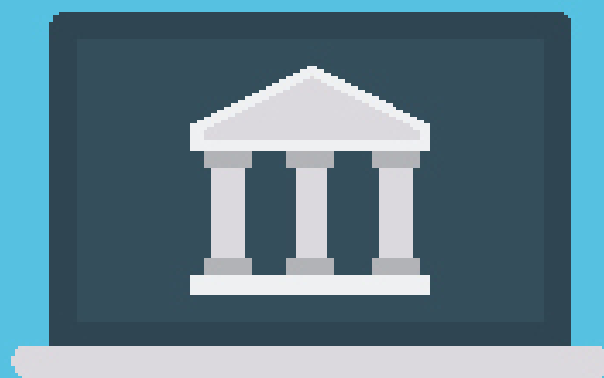
Elderly people are also less likely to go online. Research from the Office for National Statistics shows that more than four million people aged 65 and over have never used the internet.

Rachel Springall, finance expert at Moneyfacts, says savers are likely to miss out on the top rates if they don't get online.

She says: "A growing number of the top deals from the challenger banks are only available if savers apply online.

"Silver savers are being left behind as branch access is in jeopardy. With thousands of branches set to close, and the percentage of deals offering branch access decreasing, this may pose a problem for those who rely on them to manage their money.

"These growing signals of a changing landscape on the high street are steering more consumers to bank online,



**"Silver savers are being left behind as branch access is in jeopardy"**

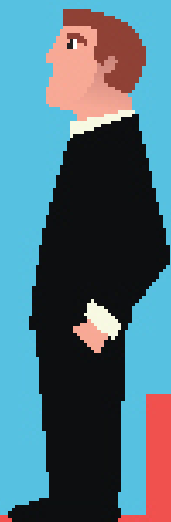
regardless of their age or circumstances."

## **Why are online deals cheaper?**

Based on a balance of £50,000, a saver with a traditional easy-access account on the high street would receive £620 less a year than if they were to take out a higher paying internet-only account, according to analysis by advice site Savings Champion.

So why are all the best deals online? One reason why banks and building societies can offer better rates online is that they are more cost-effective to run. A physical bank on a high street has staffing costs and more expensive overheads compared with an online-only challenger bank.

Andrew Hagger, personal



internet users and I fear that the lack of choice and poor branch-based interest rates will only get worse.

“Some providers such as Charter Savings Bank are bucking the trend by offering decent rates and the option to open an account via postal application. It’s not as convenient as using a branch but if you’re opening a fixed-rate bond, then you will only be making a transaction around once a year, so it’s still worth it when you are getting a best-buy rate.”

### Best-buy savings accounts

Since the arrival last year of the Marcus savings account from investment bank Goldman Sachs, rates on online savings accounts have been edging up.

Marcus, Kent Reliance, Virgin Money and Tesco Bank all have easy-access savings accounts at 1.5%.

By contrast, the best-paying savings account available on the high street is the Santander Everyday Saver at 0.35%. It is a similar story when people who are not online want to take out a fixed-rate bond.

Out of the top 10 three-year

the high street pay a fraction of the rate offered on the best-buy internet only deals.

“For those customers happy to manage their savings online, the challenger banks beat the big high street players hands down. The likes of Paragon Bank, OakNorth, Gatehouse Bank, Charter Savings Bank and Ford Money all feature consistently in the best buys and are FSCS registered, so there are no issues with cash safety [up to £85,000].”

### Ways round the problem

Anna Bowes, co-founder of savings Savings Champion, says: “Not everyone wants to do everything online. There are some providers who recognise that and offer customers the opportunity to manage the account by post, such as PCF Bank or Charter Savings Bank.

“Sometimes your local provider might offer something interesting on the easy-access side. Newbury Building Society, for example, offers the best easy-access account on the market at 1.75%, but it is only for existing and local customers.”

She suggests a family member or a friend may be able to help. “If you can’t get online, it is a good idea to ask a family member or a

## ONLINE VERSUS HIGH STREET EASY-ACCESS SAVINGS RATES

Online savings account	Interest rate	High street savings account	Interest rate
Kent Reliance Online Easy Access - Issue 33	1.5%	Nationwide Building Society Limited Access Saver Issue 7	0.75%
Marcus by Goldman Sachs	1.5%	HSBC Online Bonus Saver	0.55%
Virgin Money	1.5%	Santander Everyday Saver	0.35%
Tesco Bank Internet Saver	1.5%	Barclays Everyday Saver	0.25%
Yorkshire Building Society Online Single Access Saver Issue 17	1.5%	Halifax Everyday Saver	0.20%

Source: Savings Champion, 8 April 2019

finance expert at Moneycomms, says: “Banks and building societies are catering increasingly for the smartphone generation, which means some older customers who prefer not to transact online for security concerns are being ignored and getting a raw deal.

“It’s a difficult situation for non-

fixed rate deals, eight are online only, including Tandem Bank (2.4%) and Aldermore (2.4%). Only two, Al Rayan Bank (2.52%) and Union Bank of India (2.4%), give savers the opportunity to manage their account by post or phone. Mr Hagger says: “Accounts that are available on

friend to help you with opening and managing a savings account.

“If not, have a look in your local area to see which providers are available and then just compare the best rates. The most important thing is for the saver to feel confident and not to worry about their money.” **mw**