



## Average Cash ISA from the UK's biggest banks will earn just £12 in annual interest

- The average instant access Cash ISA across UK's 10 biggest high street banks<sup>1</sup> currently pays 0.24% interest per year<sup>2</sup>
- The average Cash ISA subscription of £5,114<sup>3</sup> would earn just £12 in annual interest – around one quarter of the average monthly phone bill<sup>4</sup>

30 March 2020

The average Cash ISA from the UK's top ten banks will earn just £12 in interest over the next year – around one quarter of the average UK monthly mobile phone bill. The analysis, by peer-to-peer lender RateSetter, highlights the stark challenge facing savers looking to grow their money in a Cash ISA.

HMRC figures show that the average amount saved in a Cash ISA is £5,114. If this amount was held in the average Cash ISA with one of the UK's ten biggest high street banks, which on average pay 0.24% for their instant access products, it would earn £12.27 interest in a year. To put this figure in perspective, it is only half of one person's weekly grocery shop, at £23.30<sup>5</sup>.

While the interest rate offered by the ten biggest banks is slightly better for savers willing to lock in their money for two years, at 0.61%, it will still provide just £31 per year for the average Cash ISA, with penalties for early withdrawals.

**Rhydian Lewis, CEO at RateSetter, said:** "Cash ISAs provide certainty on the returns they deliver – but with interest rates closing in on zero, this essentially guarantees your money will fall in value once inflation is factored in.

"However, people should not give up on the prospect of growing their money in the coming year. There are still inflation-beating ISA investment options out there which offer shelter from the turbulence of the stock market, such as the Innovative Finance ISA."

An IFISA allows peer-to-peer (P2P) investments within a tax-free wrapper - any interest earned is not taxed and does not count towards the Personal Savings Allowance. In the last year, take-up of the Innovative Finance ISA has doubled, with the number of accounts opened doubling from 45,000 to 85,000 and cumulative investment exceeding £1billion.<sup>6</sup>

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<sup>1</sup> According to [Statista](#) data on number of high street bank branches.

<sup>2</sup> Information available on banks' public websites as at 30 March 2020. Excludes online only accounts.

<sup>3</sup> [Latest ISA statistics from HMRC](#)

<sup>4</sup> [Ofcom](#)

<sup>5</sup> [ONS data](#)

<sup>6</sup> [Data from TISA \(The Investing and Saving Alliance\)](#)

## Notes to editors

### Cash ISA rates<sup>7</sup> for £5,114 deposit with UK's ten biggest high street banks

	Instant access Cash ISA rate	1 year ISA rate	2 year ISA rate
Barclays	0.40%	1.00%	N/A
Lloyds Bank	0.05%	N/A	0.65%
Santander	0.20%	N/A	0.75%
HSBC	0.50% <sup>8</sup>	N/A	N/A
Halifax	0.05%	N/A	0.55%
TSB Bank	0.24% <sup>9</sup>	N/A	1.05%
NatWest	0.20%	0.30%	0.35%
Nationwide	0.30%	0.50%	0.60%
RBS	0.35%	0.30%	0.35%
Yorkshire Bank & Virgin Money	0.50%	1.36%	N/A
<b>AVERAGE</b>	<b>0.24%</b>	<b>0.69%</b>	<b>0.61%</b>

### About RateSetter

- RateSetter is an investment, not a savings account. Capital is at risk.
- RateSetter pioneered the Provision Fund model in peer-to-peer lending. This diversifies every investor's risk across the whole loan portfolio and provides a buffer against credit losses. As a result, no investor has lost a penny.
- RateSetter is the first peer-to-peer lending business to be awarded the Queen's Award for Enterprise in recognition of its innovation in financial services.
- RateSetter is regulated by the Financial Conduct Authority.

<sup>7</sup> Data obtained from banks' public websites on 30 March 2020. Excludes online only accounts.

<sup>8</sup> 0.05% from 1 May 2020. 0.5% used in calculations.

<sup>9</sup> 0.1% from 1 July 2020. 0.24% used in calculations.