



UK savers simply don't rate cash ISAs

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- 60% of cash ISA holders dissatisfied with current interest rate
- 1 in 4 cash ISA holders interested in moving to new Innovative Finance ISA (IFISA) – which could unlock around £300m in extra interest in 2016¹
- RateSetter pledges to increase awareness and understanding of the IFISA, as survey shows that 50% of cash ISA holders have not heard of the new product

Almost two thirds of cash ISA holders are unhappy with their interest rate, new research from peer-to-peer lender RateSetter shows.

Low interest rates are the top reason cited for discontent with cash ISAs in the survey, with 60% of savers saying they are dissatisfied by the rate offered by their provider.

In a further warning shot to cash ISA providers, a quarter (24%) of savers surveyed say they are interested in opening a new Innovative Finance ISA (IFISA). This could generate over £300m in extra interest² for ISA holders.

The poll was conducted ahead of the IFISA launch in April 2016. IFISAs, will be able to hold peer-to-peer loans, which typically pay significantly higher returns than cash accounts. For example, in 2015, RateSetter's 1 year product returned an average interest rate of 3.54%³. By contrast, the average annual return on 1 year Cash ISAs in 2014 /15 was just 1.47%.

Peer-to-peer platforms allow investors to earn a higher return, but capital is at risk and FSCS protection does not apply. Although it is not a guarantee for the future, RateSetter's Provision Fund has ensured that no individual lender has lost a penny to date.

Those who switch from a cash ISA to a new IFISA could see⁴:

- An increase in the annual return from £224 to £540 for those who take advantage of the maximum tax free ISA allowance (£15,240)
- The annual return on the average ISA investment of £5,924 boosted from £87 to £210 (see full table below for comparisons)

However, in a challenge to both the peer-to-peer industry and Government, the research also showed that half of cash ISA holders have never heard of the IFISA.

Commenting on the new research, Rhyddian Lewis, RateSetter co-founder and CEO, said:

"Savers have been offered terrible rates for years, and this survey shows they are now reaching breaking point."

¹ Figures based on 2014/15 Bank of England figures and 2014/15 RateSetter average interest rate

² Figures based on 2014/15 Bank of England figures and 2014/15 RateSetter average interest rate

³ Annualised return for RateSetter's 1 year product on 9 December 2015

⁴ Based on the average cash ISA interest rate for 2014/15 (1.47%) and the average RateSetter rate for the same period (3.54%)

“The launch of new IFISAs in April 2016 will put a welcome new option on the table. With the majority of cash ISA holders identifying interest rates as a priority, this will give them the opportunity to increase their returns.

“We urge savers to think ‘What IF’ when it comes to taking out an ISA next year. We will be releasing more details about what the new ISA will look like and how people can increase their returns in the new year.”

Notes to editors

For further information please contact:

Luke O’Mahony
PR manager, RateSetter
020 3735 7344 or 07799 474 403
luke.omahony@ratesetter.com

Rory Cronin
Blue Rubicon
020 7367 6005 or 07795 841 551
rory.cronin@bluerubicon.com

Rhydian Lewis is available for comment

Populus survey – methodology: Populus surveyed 2,090 UK adults online between 2-3 December 2015. Of this population, 978 owned a cash ISA. Data were weighted to be demographically representative of all UK adults. Populus is a member of the British Polling Council and abides by its rules. The tables and verbatim sheets are available on request.

See summary of data set below. Full data available on request.

RateSetter is one of the UK’s largest peer-to-peer lenders, and has lent more than £400m in 2015. The platform offers a ground-breaking proposition that allows retail, institutional and corporate lenders to invest at interest rates that they can set themselves. RateSetter’s market rates can be found [here](#). More than 13,000 investors set up RateSetter accounts within the last year, enjoying returns of 4.59% on average.

Our products are not covered by the FSCS and capital is at risk. RateSetter’s £16m Provision Fund has ensured that no individual investor has ever lost a penny since RateSetter launched in 2010 - a unique feat amongst the major P2P platforms. All borrowers pay into the Provision Fund, which repays investors in the event that a borrower misses a payment.

In 2014, RateSetter became the first P2P lender to launch with a retail license in Australia. In November 2014 RateSetter was named the FT’s *Best Peer-to-Peer Lender*. In March 2015 Rhydian Lewis was named *FinTech Leader of the Year*.

RateSetter is authorised and regulated by the Financial Conduct Authority.

More info is available at www.ratesetter.com
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Comparison of cash ISA returns and potential IF ISA returns (using average rates as stated above)

Cash ISA return vs. potential IF ISA return

