



Monday 30 January 2017

Savers want better returns, not more protection

- *Seven-in-ten say they'd prefer 1% more interest rather than £10k extra FSCS protection*
- *Fewer than one-in-twenty savers have more than £75,000 in savings*
- *£85,000 limit reintroduced as average easy access savings account pays 0.46% interest¹*

Savers would rather get a better interest rate on their money than benefit from more FSCS protection, according to research from peer-to-peer lending platform RateSetter.

The Financial Services Compensation Scheme currently protects up to £75,000 of deposits held in a bank or building society². From Monday 30 January 2017, this will increase to £85,000.

According to today's research, only four per cent of people in the UK have more than £75,000 in savings and therefore stand to benefit from the increase in protection. More than two-thirds of people (67%) have £10,000 or less in savings.

The FSCS limit was reduced from £85,000 to £75,000 in January 2016 following changes in the pound/euro exchange rate, but RateSetter research carried out at that time found that just a quarter (26 per cent) of savers were aware of it.

Asked whether they would rather have a more protection for their savings or earn a higher rate of return, the vast majority of savers favoured the latter, with 69 per cent saying they would rather earn 1 percentage point more in interest than have an extra £10,000 of FSCS protection.

Commenting on the findings, Rhydian Lewis, CEO and co-founder of peer-to-peer lending platform RateSetter, commented: "While the FSCS tinkers around yet again with the level of protection it provides, it is abundantly clear that what people really want is better returns on their savings."

"With record low returns on savings that can't even match inflation, it's no wonder that more people are deciding to put some of their money to work, by accepting some risk in exchange for a higher rate of return."

Notes to editors

1. Bank of England, statistical release, 4 January 2017, Table A, Sight deposits:

<http://www.bankofengland.co.uk/statistics/Documents/efr/2016/nov/effectiverates.pdf>

2. The Government currently protects up to £75,000 of deposits (per individual saver) in current or savings accounts through the Financial Services Compensation Scheme (FSCS), this is £150,000 for joint accounts. If a financial provider covered by the scheme were to fail, the Government scheme would insure up to £75,000 of each individual within a banking group or building society who is part of the scheme. The majority of savings accounts provide FSCS cover, but check the small print if you want further assurance that your deposits are safe.

For further information please contact:

Luke O'Mahony
PR manager, RateSetter
020 3735 7344

luke.omahony@ratesetter.com

Methodology:

January 2017 research: Opinium surveyed 2,005 UK adults online between 20-23 January 2017. Data were weighted to be demographically representative of all UK adults. Opinium is a member of the British Polling Council and abides by its rules.

December 2015 research: Populus surveyed 2,090 UK adults online between 16-17 December 2015. 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.

RateSetter is one of the UK's largest marketplace lenders, and has lent more than £1.6bn to UK individuals, businesses and property developers.

The platform offers a ground-breaking proposition that allows investors to lend at interest rates set in an open market. RateSetter's Provision Fund has ensured that no individual investor has ever lost a penny since RateSetter launched in 2010 - a unique feat amongst the major platforms in the industry. All borrowers pay into the Provision Fund, which repays investors in the event that a borrower misses a payment. RateSetter is not covered by the Financial Services Compensation Scheme and capital is at risk.

In 2014, RateSetter became the first marketplace lender to launch with a retail licence in Australia. In November 2016, the platform won Best Peer-to-Peer Lender in the FT and Investors Chronicle Wealth Management Awards for the third year running. RateSetter was the highest-rated platform by Which? readers in both 2015 and 2016.

RateSetter is authorised and regulated by the Financial Conduct Authority.

More info is available at www.ratesetter.com

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