

The Great British Savings Squeeze

GREAT BRITISH SAVINGS SQUEEZE
Supported by Alica Bank

Monthly Savings Tracker | 1st June 2026



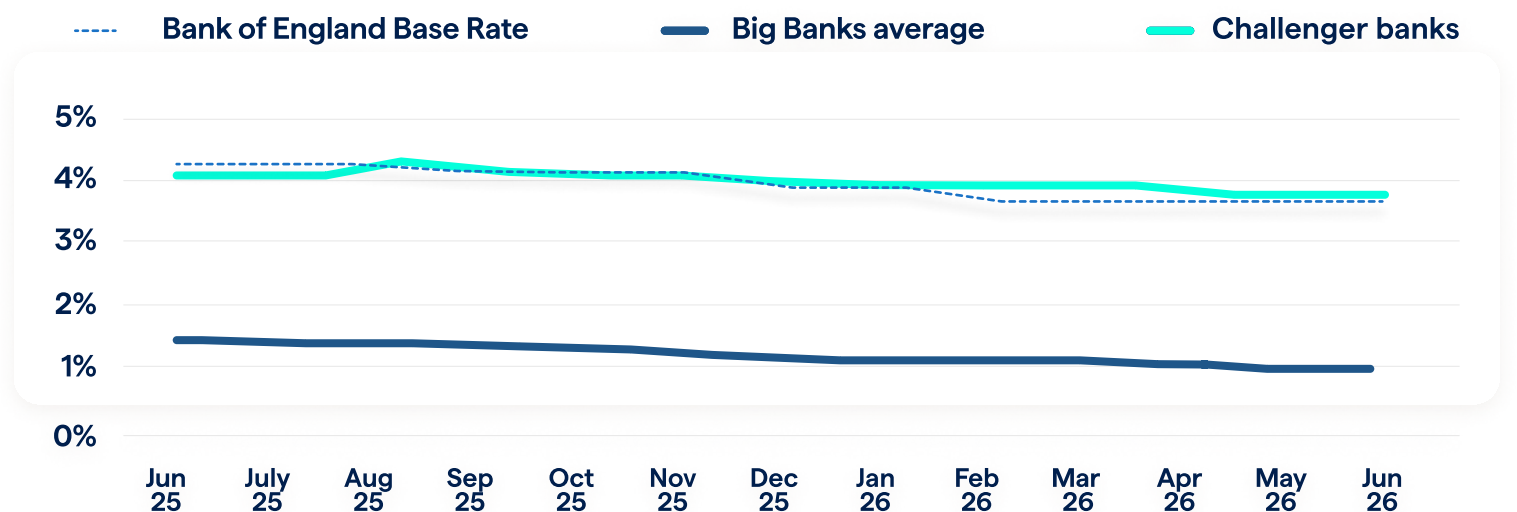
Key takeaways

The savings gap has widened slightly, to 3.03%, as challenger banks continue to raise their interest rates.

The average savings rate offered by Big Banks has stayed the same for the third month in a row, at 0.88%.

The 3.02% savings rate difference translates to a difference of £2,271 on a £75k deposit, or up to £15,150 a year on £500k deposits.

	Instant access (AER)	Interest earned on £75k deposit
Average offered by the Big Banks	0.88%	£661.50
Best rate from challenger banks	3.91%	£2,932.50
Difference	3.03%	£2,271



Analysis

This month's data reinforces the persistent imbalance in the SME savings market, with big banks continuing to offer an average rate of just 0.88% on instant access savings, unchanged since April this year even as the conflict in Iran pushes up interest rates across a range of products.

In contrast, the best rate offered by a challenger bank has seen a very slight uptick of just 0.01% in rates to 3.91%, further widening the gap between high street and best-in-market offerings to 3.03%.

While modest, this increase highlights the continued competitiveness of challenger banks in delivering better value for established businesses.

For SMEs, the financial impact remains significant. A business with £75,000 on deposit would earn just £661.50 with a big bank, compared to £2,932.50 with a challenger — a shortfall of £2,271 each year. This disparity becomes even more pronounced at higher balances, where a £500,000 deposit would generate £15,150 more annually when held with a challenger bank.

Despite increasing interest rates more broadly as a result of global geopolitical instability, the lack of movement from big banks means the savings gap is not closing, and in fact continues to favour those businesses that are willing to do research the market and find the best possible rate.

About The Great British Savings Squeeze petition

Small businesses lose out on £9 billion a year in savings interest because big banks aren't offering them the rates their hard work deserves.

The Great British Savings Squeeze petition wants to fix that and get small businesses the money they deserve.

With support from the Federation of Small Businesses and Institute of Directors, we're calling for change in the business savings market.

About Allica Bank

Business banking isn't working. Allica Bank is on a mission to change that.

Built especially for businesses with between 5 and 250 employees, Allica Bank provides no-nonsense business banking for established businesses.

Allica was named as Britain's fastest-growing company in 2024's The Sunday Times 100. In 2024, Allica revealed there was over £4 billion saved in its savings accounts and it had lent over £3 billion to established UK businesses.

[Find out more at savingsqueeze.com](https://savingsqueeze.com)

Or reach our team at savingsqueeze@allica.bank

Methodology: The 'Average rate offered by the Big Banks' is determined by taking the average rate offered to a business with £75,000 of savings at the time of publication by the six major big banks in the UK by market share: Barclays, Nationwide, HSBC, Lloyds, NatWest and Santander. Historic data is taken from the first of each month.

The 'Best rate from challenger banks' is sourced from Moneyfacts.

Disclaimer: Allica Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FRN: 821851). Registered office: 4th/5th Floor, 15 Worship Street, London EC2A 2DT. Registered in England and Wales with company number 07706156. Allica Bank savings accounts and business current account products are regulated by the Financial Conduct Authority and the Prudential Regulation Authority.