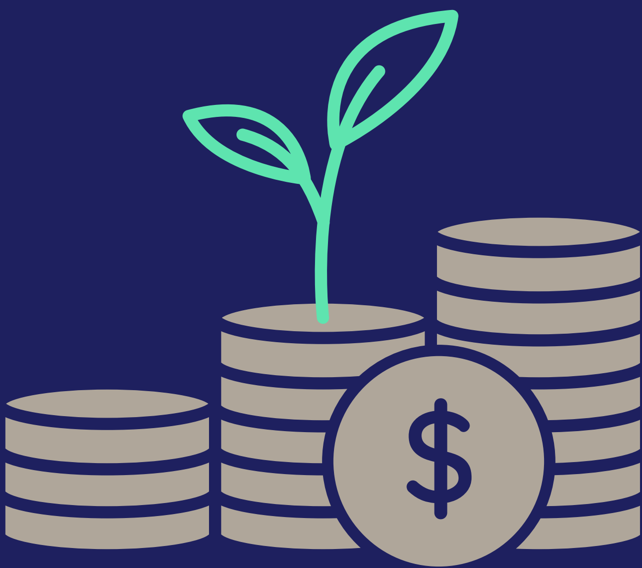
A NEW ERA FOR SAVINGS:

BEYOND RATE-DRIVEN GROWTH



WHAT BUILDING SOCIETIES MUST DO TO ATTRACT AND RETAIN SAVERS IN A CHANGING MARKET

www.woodhurst.com

"There is a real risk of parts of the savings market becoming commoditised....it's likely that some of the aggregator sites will take a bigger share of the market than they already have."

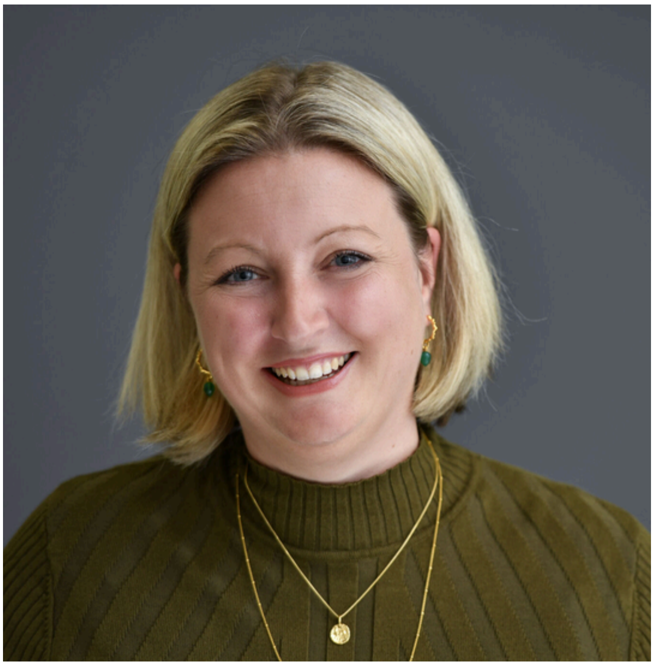
– Carole Charter, Chief Commercial Officer, Cambridge Building Society

TABLE OF CONTENTS

A FOREWORD FROM...

HARRIET GUEVARA

CHIEF SAVINGS OFFICER
NOTTINGHAM BUILDING SOCIETY



The savings market is undergoing a period of significant change. Customer expectations are evolving, competition is intensifying, and the ways in which savers engage with providers are shifting rapidly. While interest rates remain an important driver of behaviour, they are no longer the sole factor shaping how and where customers choose to save.

For building societies, this moment presents both a challenge and an opportunity.

The challenge is operating in an increasingly competitive and price-led market, where loyalty can no longer be assumed. The opportunity lies in building on the strengths that have always set building societies apart – trust, long-term relationships, and a clear focus on delivering value to members.

As a mutual, we know that people save in different ways and for different reasons, at different points in their lives.

Success in today's market depends on recognising that diversity and supporting savers with experiences that are simple, accessible, and designed around real needs, not just headline rates. This means reducing friction across savings journeys, making it easier for customers to engage, and giving them confidence that their provider is acting in their long-term interests.

This whitepaper brings together perspectives from across the sector to explore how the savings landscape is evolving, and what that means for building societies looking to grow and retain balances over time. As the market continues to change, those organisations that are able to combine trust with simplicity, accessibility, and a clear sense of purpose will be best placed to succeed.

69% OF ADULTS IN THE UK...

....like to review products from their preferred provider before widening their search. That tells us loyalty still matters – but it has to be continually earned. Building strong, trusted relationships gives providers a real opportunity to support customers over the long term, provided they continue to deliver fair outcomes, transparency, and ease. [1]

[1] Mintel – Path to Purchase 2024

> Better use of data and the responsible application of AI are opening up new ways to make saving more relevant and better embedded in customers' lives. The focus has to remain on using technology thoughtfully – to simplify journeys, improve understanding, and support better outcomes for savers.

PURPOSE OF THIS WHITEPAPER

Who this report is for

This report is designed for senior leaders responsible for shaping, delivering and sustaining savings growth in an increasingly competitive and structurally changing market. While the insights are grounded in savings, the implications are inherently cross functional, spanning commercial strategy, customer experience, operations and technology.

Specifically, this report is for:

- CEOs and executive teams
- Heads of savings and commercial leaders
- Customer, digital, and operations leaders
- Strategy and transformation teams

Our perspective

This report is grounded in a combination of hands-on delivery experience, direct engagement with senior leaders across the sector, and targeted research into emerging models shaping the future of savings.

Our perspective is informed by:

- Direct experience working with building societies, supporting strategy, operating model design, and transformation delivery across the sector
- Conversations with senior leaders across the market, drawing insights from discussions with CEOs, Chief Commercial Officers, Heads of Savings, etc.
- Research into fintech and emerging savings models, analysing how they are addressing structural challenges in savings

moneyhub

Moneyhub uses Open Banking data to identify surplus customer cash and convert unfunded or idle balances into active savings deposits without relying on higher rates

Stoa

Stoa enhances fixed-term savings by offering lifestyle perks alongside interest, helping providers attract and retain deposits without competing on price

plum

Plum uses AI to move small amounts of surplus cash into savings, driving regular contributions through behavioural automation rather than higher rates

SAVINGS IS BECOMING COMMODITISED

Savings is increasingly becoming a price-led market, with customers choosing accounts based on rate and ease rather than long-term loyalty. As competition intensifies and distribution shifts, it is becoming harder for providers to stand out.

Loyalty remains a defining feature of the market. FCA data shows that 52% of customers have held their savings account for at least three years, and 61% have stayed with their current account provider for over a decade. [2] However, customers are becoming more responsive to rate changes, meaning balances are increasingly fluid at the margins.

At the same time, comparison sites and financial education platforms are playing a bigger role in how customers choose savings products. Accounts are often shown side-by-side, making rate the most obvious point of comparison and reducing the impact of brand or relationship.

> **Historically, it's been quite hard for new entrants to get into the market and acquire business and get scale. It’s definitely been apparent in the last few years and the impact that individuals like Martin Lewis (Money Saving Expert) can have on driving flows is significant.**
>
> **- Andy Moody, Chief Commercial Officer, Leeds Building Society**

Many providers continue to open large numbers of accounts that are never properly funded, while significant customer balances remain idle in low-interest accounts rather than being actively moved into savings. This highlights a gap between customer acquisition and meaningful balance growth.

> **What we've seen over recent years is a shift in expectation of members and prospective members. What they want is to be able to onboard and or execute whatever their transactional needs are in real time. I think typically the building society sector has not been great in that space.**
>
> **- Chris Wainwright, Chief Commercial Officer, Furness Building Society**

As a result, the focus is starting to shift from simply opening accounts to actually getting customers to fund and grow their savings over time. This means making it easier for customers to move money, encouraging regular contributions, and doing more to turn existing relationships into real balances.

[2] Financial Lives 2024 Report - FCA

TRUST REMAINS THE DEFINING DIFFERENTIATOR

While savings is becoming more price-led, trust continues to play a critical role in where customers place and keep their money. For many savers, particularly those with larger balances, confidence in the provider still outweighs small differences in rate.

Despite increasing competition, many customers continue to prioritise trust when choosing where to save. This is especially true for those holding higher balances, where reassurance, credibility, and brand strength play a key role in decision-making.

We continue to see strong loyalty, particularly since introducing loyalty products. For example, we now guarantee that customers who stay with us when their fixed-term bond or ISA matures will receive a higher rate than new business. This has been received very positively.

- Marcus Buck, Head of Marketing, Product & Insight, Saffron Building Society

Unlike price, trust is not something that can be quickly adjusted or matched by competitors. It is built through consistent service, clear communication, and delivering on promises over time, giving providers a more stable foundation for long-term relationships.

Customers expect to be able to access support when they need it, through whichever channel suits them. Consistent service, whether digital or human, plays an important role in reinforcing trust and ensuring customers feel supported throughout their savings journey.

Having a consistent offering that's based on good service principles above and beyond price drives sustainable growth and being there when customers have a question or a query, through whatever channel that might be.

- Carole Charter, Chief Commercial Officer, Cambridge Building Society

The challenge for providers is to maintain and strengthen trust while operating in a more price-driven and digitally enabled market. Those that can combine trust with strong experiences and accessible digital journeys will be better placed to retain and grow customer balances over time.

CUSTOMER JOURNEYS ARE STILL FRAGMENTED

Despite improvements in digital capabilities, many savings journeys remain complex, slow, and fragmented. Friction at key moments continue to limit conversion, funding, and overall customer experience.

Opening a savings account is often more complicated than it should be. However, friction is not limited to onboarding. Access to cash, payment speed, and ease of moving money are emerging as critical pressure points, with customers benchmarking these experiences against digital-first platforms rather than traditional providers.

I think onboarding is still an issue. Despite improving technology, there's still a lot of friction in that process, whether that's through a branch or it's digital. There's a lot of steps that a customer needs to go through to eventually fund their new account where they can potentially fall out the savings journey. ISA Transfers are also still an area where the process can be improved.

- Michael Conville, Chief Customer Officer, Darlington Building Society

Even when accounts are successfully opened, many are never funded. Delays, unclear next steps, or a lack of prompts to deposit money can result in customers disengaging before they complete the journey.

Once an account is opened and funded, engagement often drops off. There is typically little follow-up to encourage further deposits, meaning many customers contribute once and then do not actively grow their savings over time.

Customers increasingly move between digital and physical channels, but these experiences are not always well connected. This can create confusion and frustration, particularly when customers need support or want to complete more complex actions.

64% OF RESPONDENTS MEMBERS SAID...

....it would be easier to save if an app automatically saved for them based on what they can afford. Additionally, 71% of respondents said that they would find it useful to see all their savings accounts in a single mobile app. [3]

[3] Report for Open Finance - Woodhurst

DIGITAL IS A HYGIENE FACTOR, NOT A DIFFERENTIATOR

Strong digital capability is now expected as standard, not a source of competitive advantage. Providers that fall short are quickly penalised, but those that get it right are simply meeting customer expectations.

Customers expect savings products to be easy access, simple to manage, and available wherever they need them. A smooth digital experience is no longer a differentiator; it is the minimum requirement to compete.

We simply need performant, simple, accessible digital offerings that allow our products to be accessed by everybody, irrespective of age and demographic. That's a way to ensure that our products are available to all.

- Andy Moody, Chief Commercial Officer, Leeds Building Society

Where digital journeys are slow, confusing, or unreliable, customers are quick to disengage or move elsewhere. In a market where switching is easy, even small issues can result in lost balances.

Customers are not necessarily looking for complex or highly innovative features. Instead, they value clarity, ease of use, and the ability to complete tasks quickly without unnecessary steps or confusion.

Digital capability needs to extend beyond account opening. Customers expect to be able to manage their savings, move money, and track progress easily over time, without needing to rely on manual processes or additional support.

Strong digital journeys are essential but no longer differentiating, and providers' ability to develop and launch unique products remains constrained by legacy core systems. Competitive advantage is shifting toward those that can move faster and deliver more flexible, personalised, and innovative savings propositions, rather than competing on experience alone.

AI WILL RESHAPE SAVINGS AND ADVICE

AI has the potential to significantly change how savings are managed, from reducing operational effort to enabling more personalised and proactive customer experiences. While still emerging, its impact is expected to be material over the next few years.

AI is set to reshape how customers interact with savings, enabling more personalised, proactive, and digitally led engagement at a time when mobile banking has already become the most common way to access accounts, used by 75% of UK adults in 2024 [4].

AI also enables a deeper understanding of customer behaviour, allowing providers to deliver more timely, personalised prompts and recommendations. This makes savings more relevant, proactive, and easier for customers to engage with.

> I think that one of the powerful things that AI can do is reduce the impact of operational tasks on colleagues so that they can spend more time on the human interaction with members, rather than replacing the interaction with members themselves.
>
> **- Andy Deeks, Chief Executive Officer, Leek Building Society**

As these capabilities develop, AI is likely to influence how customers receive support and guidance. This could help address the advice gap by providing more accessible, lower-cost support, particularly for customers who may not engage with traditional advice channels.

While the opportunities of AI are becoming apparent, the challenge will be in execution, particularly within existing systems and operating models. Providers that combine this with greater product flexibility will be better placed to deploy tailored AI agents that guide customer decisions and personalise how savers engage with products.

> AI is expected to reduce administrative burden for our Customers and for our Staff. Our priority is to ensure customers have a genuine choice in how they engage with us, supported by safeguards that promote the appropriate and responsible use of AI, positioning the Society as a trusted, long-term home for their savings.
>
> **- Jane Millar, Head of Operations, Progressive Building Society**

[4] Payment Markets Report - UK Finance

KEY TAKEAWAYS

As the savings market continues to evolve, building societies should consider the following:

- **Reduce reliance on rate-led growth**

Competing on price alone is increasingly unsustainable and places ongoing pressure on cost of funds

- **Focus on converting and growing balances**

Prioritise turning opened accounts into funded ones, and encourage ongoing contributors over time

- **Simplify customer journeys**

Remove friction across onboarding, funding, and servicing to improve conversion and engagement

- **Strengthen digital as a core capability**

Ensure digital journeys are simple, reliable, and accessible. Poor experiences will quickly drive customers away

- **Make trust a visible part of the proposition**

Build on existing strengths in brand and service, and ensure these are clearly understood by customers

- **Use data to understand and influence behaviour**

Identify where customer cash sits and create opportunities to move it into savings

- **Encourage regular savings habits**

Design journeys that promote consistent contributions rather than one-off deposits

- **Explore new distribution and engagement models**

Look beyond traditional channels to reach different customer segments and reduce reliance on aggregators

- **Take a practical approach to AI and automation**

Focus on real use cases that improve efficiency, enhance customer experience, and support better decision-making

CONCLUSION

For the sector, the themes discussed require a clear and deliberate response. Leaders should focus on how to reduce reliance on rate-led acquisition, improve funded account conversion, and embed more consistent, behaviour-driven savings journeys. This includes better use of data, simplifying onboarding and funding journeys, and exploring new distribution and engagement models. For those looking to take this forward, Woodhurst works with building societies to translate these challenges into practical, executable change, from shaping through to delivering modernisation and measurable outcomes.

Note: while mutuality remains a defining characteristic of the sector, we have not treated it as a standalone chapter in this whitepaper. Across our interviews, it emerged as a more divisive and less consistently evidenced theme than areas such as trust, journeys, digital experience, and loyalty. There is a perception that customers would notice if mutuality were taken away, particularly in the event of privatisation, but far less to suggest it actively drives day-to-day saver decisions in its current form. For many societies, the challenge is not whether mutuality matters in principle, but whether it is being translated into something tangible, visible, and meaningful enough to influence customer behaviour.

With thanks to our contributors

We would like to thank the following individuals for their time, insight, and contributions to this report. Their perspectives have been invaluable in shaping our understanding of the evolving savings landscape.

Andy Deeks
Chief Executive Officer, Leek Building Society

Andy Moody - Chief Commercial Officer, Leeds Building Society

Carole Charter - Chief Commercial Officer, Cambridge Building Society

Chris Wainwright - Chief Commercial Officer, Furness Building Society

Harriet Guevara - Chief Savings Officer, Nottingham Building Society

Jane Millar - Head of Operations, Progressive Building Society

Kathryn Eagleson - Head of Customer Experience, Progressive Building Society

Marcus Buck - Head of Marketing, Product & Insight, Saffron Building Society

Michael Conville - Chief Customer Officer, Darlington Building Society

ABOUT THE AUTHORS

Ahmad Al-Tahhan

Lead Author

Management Consultant

Financial Services Strategy & Operating Model

Ahmad is a Management Consultant specialising in strategy, operating model design, and large-scale modernisations across financial services. He has worked closely with building societies and insurers to support executive decision-making, define future-state operating models, and deliver modernisation programmes.

ahmad.altahhan@woodhurst.com

Ben Nadel

Co-Founder

Woodhurst

Ben co-founded Woodhurst with a focus on helping financial services organisations navigate complex strategic and operational challenges. He has deep experience working with building societies, supporting leadership teams on growth strategy, modernisation, and transformation delivery.

ben.nadel@woodhurst.com

James Silk

Director

Financial Services Strategy & Operating Model

James is a Director at Woodhurst, specialising in transformation, operating model design, and delivery across financial services. He works closely with executive teams to translate strategy into execution, with a particular focus on building societies and retail banking.

james.silk@woodhurst.com