

Piggy Bank raids reach 12 year high as more people turn to savings and credit to cover essential costs

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London, UK - Nearly half (49%) of UK consumers are dipping into their savings to cover rising household expenses and unexpected costs, the highest amount for over a decade. A further quarter (27%) say they will need to access more credit this year to cover continued rising costs – opening additional credit cards or using BNPL. The research from RFI Global, the only global data and insights company focusing exclusively on financial services, suggests that financial pressures in the UK are reaching a breaking point.

RFI Global's UK banking research surveyed 4000 consumers aged 18 years and above during December and January 2025 about evolving financial product holdings, behaviours and preferences.

More than one in 10 consumers (12%) are using BNPL to cover the cost of living and one in three (33%) combine BNPL use with credit cards. Worryingly, 65% of people who rely on BNPL to pay for products and services think they will need to access more credit in the next year to cover the rising cost of living; compared to 27% of non-credit users.

Of the 43 million people in the UK who save (80% of the banked population), more than one third – predominantly millennials aged between 27 and 42 years – have less than £1,000, and 29% have less than £500, in their savings accounts.

At the same time, the top 25% of savers, largely retired baby boomers, boast average savings of £91,500.

“Despite rising intentions to save for a rainy day, consumers struggled to save last year and turned to savings to cover a higher cost of living,” said Hubert Petka, Group Director at RFI Global. “New savings account openings, which followed a rise in interest rates, have now tapered off and the average balance in the main savings account has reduced by a third.

Our research shows that savings are now being used for household expenses and unexpected costs instead of travel, holidays and retirement as the savings gap between wealthy and poor widens, leaving many without cash to pay for urgent home and car maintenance such as a broken boiler or new car tyres or school uniforms. Instead they could be forced to use more credit.”

More consumers choose fintechs and neobanks for their main bank card
Digital-only financial providers (including neobanks such as Monzo, Starling and Revolut and fintechs such as Klarna), expanded their reach from 16% of adults in 2018 to a staggering 50% in 2024.

While traditional banks still dominate financial services, more consumers have their main debit card with a neobank and spend 20% more than consumers with a main debit card from a Big Six bank. RFI's research shows that consumers holding their main debit card with a neobank rose from 1% at the end of 2020 to 9% at the end of 2024, while the share of market for the Big Six banks decreased from 85% to 71% in the same period.

“Everywhere you look neobanks are becoming a bigger part of the system,” said RFI’s Petka. “They are popular among younger generations such as GenZ and millennials who value their advanced digital capabilities and convenience. Yet banks remain resilient as they increase their agility and consumers continue to use their cards, alongside cards from neobanks, to meet their day to day needs. Nonetheless, neobanks are poised to grow in the years to come and could really threaten the dominance of the incumbent players over the next decade,” said RFI’s Petka.

Rewards drive main bank choice and switching

It used to be the case that people were more likely to get divorced than change their main bank provider. Today UK consumers are more likely to switch banks to utilise attractive deals and to access rewards such as cash bonuses, interest and other perks. Of the consumers who are strongly considering switching their main current account in the next 12 months, half claim they are considering switching to access an incentive or that the other provider offers better rewards.

“Amidst fierce competition, banks have ramped up their efforts to win over consumers. These attractive rewards are reshaping the landscape of consumer loyalty and engagement. Yet with the majority of consumers lacking access to any loyalty perks through their main banks and dissatisfied with their current rewards proposition, there is still more that could be done by financial providers to attract and retain customers,” concluded RFI’s Petka. “As consumer expectations continue to shift, all financial institutions need to pay attention to the nuances of these trends.”

Other research highlights:

UK consumers are increasingly diversifying their financial activities by embracing a wider variety of providers. The average number of financial providers used per person climbed from 4.3 in 2015 to 5.3 at the end of 2024.

Rewards are a key factor driving top-of-wallet credit card choice. For nearly half of consumers (48%) this is because it has cashback, a discount programme or other rewards. For slightly more people the reason is because it’s linked to their main bank account (52%).

Rewards encourage spend. For debit card providers it is interesting to note that consumers who earn rewards on their main debit card tend to spend 85% more a month on their card than those who do not.

Younger consumers are less loyal. GenZ and millennials are driving over half of the churn. They are at least twice as likely as Gen X and three times more likely than Baby Boomers to have changed their primary bank in the past five years, signalling a profound generational shift in banking loyalty.

1 in 5 people (18%) are not confident in managing their finances. Vulnerable consumers are increasingly unconfident, with 69% saying this is due to limited knowledge and experience.

Savers seek enhanced support for budgeting, tracking spend and finding the best savings options.

Notes to editors:

Survey methodology

RFI Global's UK Consumer Banking Study, Orion, provides an in-depth view of key retail banking trends and consumer finances. Based on interviews with 4,000 banked consumers aged 18 years and above, the survey provides comprehensive insights into financial relationships, product holdings, customer experience, behaviours, needs and preferences. The survey uses a nationally representative sample and is conducted quarterly.

About RFI Global

RFI Global is the only global data and insights company focusing exclusively on financial services. It empowers financial service leaders with the market intelligence they need to drive innovation and accelerate growth.

Partnering with the world's top financial institutions, its expert team delivers tailored insights through a unique hybrid syndicated research, drawing from more than 200,000 consumer and 60,000 business interviews each year.