

BANKS NEED TO ENSURE CUSTOMERS ARE FULLY INFORMED IN WAKE OF LATEST INTEREST CUT

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As savings rates plummet to an all-time low this week, banks and building societies are under more pressure than ever to demonstrate they are 'Treating Customers Fairly'.

New regulations, which came into force in the New Year, require financial companies to be able to demonstrate that senior management have instilled a culture whereby they understand what the fair treatment of a customer means.

With a sometimes bewildering array of financial products, including savings, and mortgage products, this can be very difficult to achieve.

With the Bank of England base rate at its lowest since 1694, savings rates plunging, and limited prospects for homeowners coming off fixed rate mortgage deals, it is more important than ever that people know what they are buying, according to an industry expert.

Alan Malik is Managing Director of multi-award winning financial software solutions firm Exasoft plc, supplier of specialist software packages to the finance industry.

The Financial Services Authority will be conducting regular assessments of firms to ensure they are committed to treating customers fairly – which includes giving consumers advice suitable to their circumstances.

Alan Malik said: "With interest rates as low as 0.01 per cent on some accounts, and this week's drop in the Bank of England's base rate to its lowest for centuries, it is more important than ever that people make their money work hard.

"In the current climate, it is vital that financial firms can demonstrate they have offered clear information, and that customers are offered products which perform as they have been led to believe.

"They also need to show that advice is suitable and takes account of customers' personal circumstances – whether they are selling mortgages or savings products."

Exasoft plc has produced two visual tools to help consumers select the best products for them and see their money work harder in today's credit crunch squeeze.

They can be used by financial institutions to demonstrate visually to customers the effect of the decisions they are taking.

Mortgage Mate uses simple 'slider' adjusters, to allow customers to see – instantly on screen – how much money they could save by reducing the term of their mortgage, paying off some of their debt, increasing their level of monthly payment, or finding a mortgage with a better interest rate.

Savings Mate is a similarly powerful tool which allows customers to see how differently-structured bank and building society savings accounts will work for them.

Banks and building societies can use it to visually demonstrate to customers the returns they will receive, depending on their individual circumstances.

Again, by using simple 'sliders' on screen, savers tell how much they wish to save each month, for how long, and whether they have any lump sum to invest from the start. Savings Mate will then allow them to compare up to three different accounts on screen at the same time, highlighting which gives the best return.

Savings Mate also allows anyone trying to build up a lump sum – such as prospective home-owners aiming to build a deposit for a property – how much they will need to put aside each month to reach their target on time.

Alan Malik said: "There are so many different financial products out there that it can be difficult to compare products from so many different lenders.

"Years ago they might have been only a few "simple to understand accounts" available, but now there is a much wider range of savings accounts from which to choose. What suits one saver may not suit another, and the implication of taking an ISA over a traditional savings account is still misunderstood by many people.

"And with interest rates at historic lows, people need to shop around more than ever to make sure they are getting the best deal."

Exasoft's software solutions have secured the prestigious Queens Award for Enterprise: Innovation. The firm counts the majority of the major UK financial institutions among its customers, as well as the Financial Ombudsman Service and Financial Services Compensation Scheme.

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