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SCOTLAND'S AVERAGE ISA BALANCES RISE BY 27% IN 3 YEARS

Latest research from Bank of Scotland shows Scotland's savers are looking to make the most of annual ISA allowances as average balances grew by 8% in the last year; from £6,515 in January 2011 to £7,031 in January 2012 - an increase of £516. The growth, which is a trend seen over recent years, shows that the average cash ISA balance in Scotland has increased from £5,555 since February 2009 - representing growth of 27%, or £1,476.

ISA savers in East Dunbartonshire have the highest average balance which, at £9,026, is 28% higher than the Scotland average. However, Scotland's savers lag behind the UK as a whole, which has an average balance of £8,949 – a difference of 21% or £1,918.

Average ISA Balance by Local Area District

The Shetland Islands have the second highest average ISA balance in Scotland (£8,515) followed by East Renfrewshire (£8,357), South Ayrshire (£8,118) and Aberdeenshire (£8,050). These balances are, on average, around a fifth higher than for Scotland as a whole. [See Table 1]

Compared to other parts of the UK, ISA balances in London and Scotland are amongst the lowest – each has five local areas in the ten places in the UK with the lowest average balances. The areas with the lowest average ISA savings in Scotland are Glasgow (£5,655) West Lothian (£5,834), West Dunbartonshire (£6,341) and North Lanarkshire (£6,356) and Falkirk (£6,445) – all are around a third below the UK average. [See Table 2]

ISA Savings v Average Earnings

The average Scottish ISA balance of £7,031 is equivalent to 28% of national average pre-tax annual earnings¹ of £24,819. This is lower than the UK average of 33%. The biggest savers in relation to earnings are in Wales (41%) and Northern Ireland (40%). The lowest ISA savers, on this basis, are in London (23%). Scotland has the next lowest ISA savings balances relative to earnings in the UK. [See Table 3]

Nitesh Patel, economist at Bank of Scotland, commented:

“It is encouraging to see that in these tough times, savers are managing to build on their ISA balances, making the use of the annual allowance. Indeed it is impressive that savers in Scotland have, on average, increased their ISA balance by 27%, or close to £1,500, in the past three years. This is bigger than the 23% rise for the UK as a whole. Nonetheless, the average balance in Scotland still trails the UK by a fifth.

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"At tax year end the 'ISA season' is in full swing and savers can access some very competitive rates in order to make the most of their hard earned savings. Judging by the ISA balances - savers still have spare allowance available to use up this tax year, so now is the time to use it before they lose it."

Table 1: Highest Average ISA Savings Balances

Local Authority District	Average Savings ¹ Balance (£)	% Above Scotland Average
East Dunbartonshire	9,026	28%
Shetland Islands	8,515	21%
East Renfrewshire	8,357	19%
South Ayrshire	8,118	15%
Aberdeenshire	8,050	14%
Perth & Kinross	7,866	12%
Dumfries & Galloway	7,559	8%
Stirling	7,558	7%
Moray	7,491	7%
Argyll & Bute	7,444	6%
East Dunbartonshire	9,026	28%

Source: Bank of Scotland. ¹ Average balance for January 2012

Table2: Lowest Average ISA Savings Balances

Local Authority District	Average Savings ¹ Balance (£)	% Below Scotland Average
Glasgow City	5,655	-20%
West Lothian	5,834	-17%
West Dunbartonshire	6,341	-10%
North Lanarkshire	6,356	-10%
Falkirk	6,445	-8%
Clackmannanshire	6,457	-8%
Midlothian	6,495	-8%
Fife	6,608	-6%
Inverclyde	6,613	-6%
Renfrewshire	6,661	-5%

Source: Bank of Scotland. ¹ Average balance for January 2012

Table 3: Regional ISA Savings Balances

	Average Savings¹ Balance (£)	All as % of Average Pre-Tax annual earnings²
East of England	9,724	34%
South East	9,519	31%
East Midlands	9,516	39%
Wales	9,139	41%
London	9,061	23%
West Midlands	9,019	38%
Yorkshire and The Humber	8,997	39%
North West	8,991	38%
South West	8,923	37%
Northern Ireland	8,744	40%
North East	8,555	38%
Scotland	7,031	28%
UK	8,949	33%

Source: Bank of Scotland. ¹ Average balance for January 2012; ² ONS

Editors' Notes:

Note: ¹ annual gross earnings for all employees (ONS)

The data used in this research refers to balances held in Bank of Scotland ISA products at the end of January 2012 and relates to the balances per customer. The data includes ISA fixed, variable and direct – some of which include Halifax products.

The average earnings data is a calculation based on the annual gross earnings for All employees (full-time and part-time) from the ASHE survey at April 2011.

By definition this survey excludes those who do not have ISA savings. According to the Family Resources Survey 2010 (Savings and Investment Section 4) 40% of households have some sort of ISA savings product (cash or investment).

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