

Comment on ICICI Bank's loyalty bonus and interest rate guarantee for renewing HiSave customers



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Kevin Mountford, head of banking at moneysupermarket.com, said: "Savers have had a dreadful time in recent months, with rates in the doldrums and well-documented problems switching between ISAs.

"Banks and other savings institutions have been lambasted by thousands of savers, not to mention the media, for not offering decent returns and there are campaign movements and complaints gathering pace.

"ICICI has bucked the trend somewhat by offering its loyal savers a guarantee that, if its HiSAVE fixed rate account interest rates are reduced after renewal anytime up to maturity, then the customer will still get the benefit of the higher rate as offered on the day of renewal. Likewise if the interest rate increases during this period, the customer will get the benefit of the higher rate. In addition, ICICI are rewarding savers who stick with them and renew their fixed rate account prior to maturity with a 0.05 per cent bonus. This might not sound much and there are those who say that bonuses are a cheap trick designed to trap savers but the savvy saver can use bonuses to their advantage. The onus is obviously on the consumer to keep an eye on the rate and switch when the bonus period expires.

"The bigger principle here is around the concept of loyalty - for many years it was the case that banks looked to lure in new customers with their best deals, but nowadays the focus is on retaining custom. We could well see similar measures from other providers, in the absence of any meaningful move in rates."

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