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Best-buy borrowing, 6% savings interest and all-round value with HSBC Advance

- Independent comparison looks at competitiveness and pricing of UK current accounts

Independent research has shown that HSBC's Advance Bank Account can save people money on mortgage payments, personal loans, overdraft usage and debit card use abroad, as well as earning 6% AER interest on regular savings.

HSBC commissioned independent researcher **Andrew Hagger, Moneycomms** to compare HSBC Advance to its main competitors; looking at the cost of banking products and services. Hagger said: "It's important for people to look at the overall competitiveness that their bank delivers, not just the elements of the current account itself but also the pricing of associated financial products.

"At present HSBC Advance offers best-buy high street rates on mortgages and is in the top three or four for overdrafts, savings and debit card charges abroad – that's an impressive array of pricing all under one roof. As an all-round package (with no monthly fee) it's one of the most attractive deals on the market."

Table: HSBC Advance benefits (comparison tables available on request)

Account benefit	Scenario	Cost/Interest earned	Saving*	Rank**
Personal loan: 3.9% APR plus 10% interest cashback	£7,500 loan x 36 months	Total payable overall: £7951.32	£462.96 + £45.13 interest cashback at the end of the loan term	1/13
Mortgage: 2 year fixed at 1.89%, 70% LTV + £499 discounted Advance booking fee.	Based on a mortgage of £150k, capital repayment, 25 years	Monthly payments = £628 Total outlay 2 years (fee plus 24 repayments) = £15,571	£1096	1/13
Overdraft: preferential rate of 17.9% EAR	Overdrawn £600 for 10 days every month	£35.31 (annual cost)	£84.69	3/12
Debit card abroad- 2.75% on all transactions No additional ATM withdrawal fees (non-sterling cash fees)	Cost for £2500 (currency equivalent) spend abroad 6 x £200 (currency equivalent) ATM withdrawals and 13 purchase transactions outside Europe	£68.75	£37	3/12
Savings: 6% AER/gross on HSBC Regular Saver	Save £250 per month = £3,000 per year Interest after 20% basic tax rate	£78.31	£71.81 more interest than the lowest-comparable provider	4/15

*compared to the most expensive high street provider

**out of all comparable products on the market

Andy Mielczarek, Head of retail products, HSBC: “We want to stick to what we do best, so we designed a current account that offered customers real savings on the banking products they use and need. We know customers want a fair deal on their overdraft and when using their card abroad, but we also know that mortgage payments make a big difference to our customers’ lifestyles. We want our customers to know that when it comes to borrowing, they won’t need to shop around as we have the best deals on the market. When they have a little extra to save each month, we’ll also make sure they get a market-leading regular savings rate.”

Overdraft

HSBC’s overdraft charging structure was simplified in November 2014. Advance customers who are overdrawn for an average of £600 for ten days each month (using an authorised overdraft) pay £35.31 in interest annually, at a preferential rate of 17.9% EAR. The most expensive provider in the market charges £120 annually, so HSBC Advance customers can save £84.69 each year in comparison.

Andrew Hagger, Moneycomms: “Unlike a growing number of providers HSBC Advance customers haven’t been subjected to daily or monthly fees instead of interest– something that’s particularly expensive for those only dipping into the red by a few hundred pounds.”

Linked savings account

Those with a little extra to spare each month can take advantage of HSBC’s Regular Saver, which pays a preferential rate of 6% AER. Customers can pay in a maximum of £250 per month for 12 months. This allows them to earn £78.31 net interest on a balance of £3,000 in a year (calculated at 20% basic tax rate). Compared to the lowest-paying comparable account, this earns customers £71.81 more interest per year.

Debit card usage abroad

Assuming one foreign holiday per year, using a debit card a number of times both at ATMs and in stores or restaurants, HSBC Advance would save customers £37 in charges compared to the most expensive provider. Advance customers pay a charge of 2.75% per transaction (non-sterling transaction fee), but pay no additional ATM withdrawal fees (non-sterling cash fees). For some providers, this can be a minimum of £2, with no set maximum charge.

The cost for £2500 (currency equivalent) spent abroad comprising 6 x £200 (currency equivalent) ATM withdrawals and 13 purchase transactions is £68.75. **Andrew Hagger:** “The fact that HSBC Advance customers are not subject to ATM cash withdrawal fees keeps overseas debit card costs lower than most high street rivals. On a holiday scenario, HSBC works out at more than £35 cheaper than some competitors.”

Personal loans

HSBC Advance customers can receive 10% interest cashback as well as a low rate of just 3.9% APR . Based on a loan of £7,500 over 36 months, HSBC Advance customers pay a total of £462.96 less than the most expensive provider. Plus they receive an extra £45.13 in interest cashback at the end of their loan term.

Mortgages

HSBC also tops the table when it comes to mortgage savings. Advance customers pay a discounted booking fee of £499 on a 2 year fix mortgage; one of the cheapest on the market. Paired with a rate of 1.89%, customers' monthly payments on a loan of £150,000 for 25 years at 70% LTV would be £628. Over two years, savings compared to the most expensive provider total £1,096.

-Ends-

Notes to editors:

All tables are available on request. Tables compare the following accounts: Nationwide FlexDirect, Club Lloyds, TSB – Classic Plus Account, First Direct – 1st Account, Tesco Bank – Current Account, Santander 123, Halifax – Reward Account, Yorkshire Bank/Clydesdale Bank Current account direct, Nationwide FlexDirect, Nationwide FlexAccount, Co-operative Bank – Current Account Plus, Barclays – Bank Account, Metro Bank – Current Account and NatWest/RBS – Select Account. All research & calculations by **Moneycomms.co.uk** on 05.01.2014, 06.01.2014, 23.12.2014, 18.12.2014 and 19.12.2014

For further information or a copy of the tables, please contact:

Emma Fahy
020 7992 1574/07920 413 030
emma1.fahy@hsbc.com

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HSBC Bank plc

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The HSBC Group

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