

TIMELY GAINS FOR WHOM?
CLIENTS AWAIT BENEFITS
AS INDUSTRY HOLDS ON
TO RATE HIKES



INTRODUCTION

- *In the multi-layered world of banking and investing, where limited transparency is commonplace, few are aware that a significant number of banks and brokers are choosing to retain the benefits of the recent global central bank rate hikes, rather than passing them on to their clients. [Damian Hitchen](#), CEO MENA Region for [Saxo Bank](#), shares his insights.*





» This practise, whilst not immediately visible, has significant implications for all people, and it's time we shed some light on the subject. Yes,

results, and has been a major driver for increased profits of MENA Banks. In some jurisdictions, such as the UK, this has also brought the UK financial regulator to call on financial institutions to improve the deposit rates offered to consumers.

The playbook appears to be the same across the Eurozone, where the average bank interest rate on instant-access deposit accounts for households is only 0.23% on an annualised basis. This at a time when the European Central Bank (ECB) official deposit rate is at 3.75%!

Closer to home in the UAE, whilst some Banks are offering enhanced rates on Fixed deposits and savings account, there are few, if any, that

accrual model, and we do not have any penalty or lock-in periods on your deposits – our Client's are free to use their deposits are their circumstances required.

We recognise that the financial choices our clients make are not simply numbers on a spreadsheet – they represent dreams, aspirations, and the pursuit of a better future. It's our responsibility to ensure that these aspirations are met with timely and transparent actions, rather than a queue of delayed benefits.

Our Immediate Rate Hike Pass-On policy is not a mere gesture. It's a commitment to redefine the bank-customer relationship. Higher interest rates may benefit

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the financial industry must make money – so do we at Saxo – but the balance needs to be right; we need to nurture win-win relationships with our clients.

As we navigate the complex terrain of personal finance, the interest rates offered by banks may seem distant from everyday concerns. However, what often goes unnoticed is that not all banks treat these rates in the same way.

While a few embrace a customer-first approach, swiftly sharing the benefits of interest rate hikes with those who entrust their funds with them, most industry players are following a different path.

It appears that the playbook of banking after years of low interest rates is to reap the benefits of rate hikes for themselves, often at the expense of their clients. This is evident in global banks' quarterly

are close to the 5.15% overnight reference rate from the Central Bank of the UAE. The same is true across the MENA region.

Central banks have raised rates frequently over the past year to curb inflation. While the intent behind such a move is to lower inflation and aggregate demand (by making saving money and "cutting back on spending" more attractive), the reality can be quite different for those who fall victim to what appears to be the new norm.

This brings us to the heart of the matter. At Saxo, we refuse to accept the status quo. Our "Immediate Rate Hike Pass-On Policy" is a direct response to an industry landscape in which clients' interests are not being fully served. When a Central bank increases its reference rate, we immediately pass on the increase to our clients. Additionally we operate on a daily interest

our business, but they should also benefit our clients in a timely manner. We believe in win-win.

The policy signifies Saxo's determination to place clients – and their success - at the forefront of our operations. I hope the industry will reflect on its priorities and embrace a philosophy with the values of trust, transparency, and client-centricity at its core.

Consider this more than an op-ed – it's a call to action. Not just for the industry, but for the investors and savers that should demand more.

Embracing change means going beyond buzzwords. As we take this stand, we invite the entire financial ecosystem to join us in reshaping the norms of saving and investing - because every client deserves to enjoy the benefits they've earned, and every institution should aspire to put customers interests first. ■

Want to find out more?

Join Damian, Hubbis and over 30 different industry leaders to discuss the key things to know about this developing phenomenon and the opportunity it represents at our upcoming flagship **Hubbis Wealth Solutions Forum in Dubai on Wednesday 20th September 2023** [HERE](#).

Want to read more now? Be sure to look at the content curated from our 2022 Hubbis Wealth Solutions Forum in Dubai, at which Damian was a speaker, [HERE](#).

And [CLICK HERE](#) to take your professional development to the next level with our learning partner, Wealtra.

