

**EXPLANATORY MEMORANDUM TO  
THE NATIONAL SAVINGS BANK (AMENDMENT) REGULATIONS 2007**

**2007 No. 1265**

1. This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Description**

- 2.1 These Regulations amend the National Savings Bank Regulations 1972 (“the 1972 Regulations”) to allow the Director of Savings to close Treasurers’ Accounts by means of a three-stage process.

- 2.2 First, the Regulations provide that a Treasurer’s Account may not be opened after 10 May 2007. Second, they provide that, after 10 August 2007, no further deposits may be made into an existing Treasurer’s Account and any withdrawal after that date from a Treasurer’s Account must be for the whole amount standing to the credit of that account. Finally, the Regulations provide that if a valid application to withdraw all moneys from a Treasurer’s Account has not been made before 10 November 2007, the moneys may be transferred to a special Director’s account in the National Savings Bank.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

- 3.1 None.

4. **Legislative Background**

- 4.1 The 1972 Regulations were made under the National Savings Bank Act 1971. They provide the principal legislative framework within which the Director of Savings carries on the business of the National Savings Bank in relation to Treasurers’ Accounts (and other ordinary and investment accounts).

- 4.2 The three-stage process proposed now by National Savings and Investments (“NS&I”) leading to the closure of Treasurers’ Accounts requires the amendment of the 1972 Regulations. The powers in section 8(3)(b), (d), (e) and (g) of the National Savings Bank Act 1971 explicitly permit the Treasury to make regulations so as to provide for this process.

5. **Territorial Extent and Application**

- 5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 NS&I launched its Treasurer's Account in September 1996 expressly to target the non-personal savings sector (clubs, charities etc.). It was a 'specialist type' account, with a minimum opening deposit of £10,000 and a 30 days' notice period for withdrawals. It was intended to attract high value, low maintenance accounts. However, the concept has not been as successful as expected and has fallen short of NS&I's business case targets. After 10 years, NS&I have attracted only 937 accounts to a value of £60 million.

7.2 This lack of growth has been due to a number of factors. Treasurers' Accounts appeal to a niche market and it has been difficult to identify the decision-makers who should be marketed. Secondly, this is a traditional market which is reluctant to move from existing providers who generally also supply the organisation's current account banking service.

7.3 NS&I now wish to withdraw the Treasurer's Account from the market in order to streamline its product portfolio and concentrate on its core competence (the personal savings sector); in order also to focus on offers that appeal to the mass market and make a significant contribution to its value-added delivery target; and in order to better utilise its voted expenditure. NS&I consider that it is not commercially viable to invest further in this product.

## **8. Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is also insignificant. The changes are designed to update the execution of the Director of Savings' business. NS&I intend to contact all holders of Treasurers' Accounts in order to notify them personally of the proposed changes.

## **9. Contact**

Angela Bascombe-McCarthy at National Savings and Investments (tel: 0207 3489373 or e-mail: [angela.bascombe-mccarthy@nsandi.com](mailto:angela.bascombe-mccarthy@nsandi.com)) can answer any queries regarding the instrument.