

Funding the Future

he government should now become the UK's savings bank.

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The [Guardian](#) has reported this morning that:

The UK government's savings bank, NS&I, has "thrown down the gauntlet" to high street rivals by launching a one-year fixed-rate savings account paying a table-topping 6.2%.

These new rates - available to new and existing customers - are the highest ever offered for these products since they first went on sale in 2008, and mean NS&I has overtaken challenger banks and others to take the top spot in the savings best-buy table for one-year fixed-rate deals.

They added:

Commentators said NS&I was likely to experience strong demand from savers keen for a decent return, as it means they get to secure a record rate that comes with a 100% Treasury guarantee.

I agree with those commentators: this is going to shake up the savings market, and rightly so.

It is long overdue that the government was an active player in the savings arena, making clear that what it borrows is simply a savings arrangement that can be of benefit to society and nothing like the burden it is claimed to be, at all.

I just hope this continues.

More than that: I hope the government makes clear the social value of doing this.