

***smile* TARGETS TRADITIONAL BANKS AND NOT ON-LINE RIVALS**

smile, the Internet bank, which has this week increased the rate paid on its current account, is targeting traditional high street banks and not other on-line rivals.

On Monday 4 February ***smile*** increased the rate paid on its current account from 2.78 per cent AER to 3.04 per cent gross AER. Borrowing rates for ***smile***'s 400,000 account holders remained unchanged.

smile Chief Executive Bob Head said: "One of our rivals has criticised us for not paying rates above base rate on our current account but that would be unscrupulous because those kind of rates on a current account are completely unsustainable unless you are going to force feed other highly profitable products to your customers.

"You might try a strategy of paying higher rates but ultimately every healthy business needs to make a profit. I am sure that shareholders are anxiously watching and asking when rates will be brought to a sustainable position. Then we will see how the issue is dealt with.

"But the comments from one small player do not worry us. We are gaining thousands of account holders each month from customers of the big traditional banks who realise that on-line banking not only gives a great deal but also offers a level of service never before seen in the banking industry.

"We share the cost savings of a customer doing the business themselves. That is why we offer 30 times more interest than most high street banks. The average ***smile*** current account customer, if they have been with us since launch, has made more than £160 in gross interest. We are determined to be thought of as the bank with its heart on the left and wallet on the right – behave in a scrupulous and ethical manner (after all we are part of The Co-operative Bank – often known as the "ethical bank") and provide a great deal to customers.

“However, ***smile*** is not just about good deals across all our products. Our customer satisfaction ratings are awesome with 94 per cent of account holders prepared to recommend ***smile*** to their friends. We were even singled out for a mention on the front cover of a leading consumer magazine which said our customer satisfaction was better than for any other bank - an incredible 77 per cent said they were very satisfied – not just satisfied but very satisfied.

“Did they touch a nerve – yes, they did. We care.”

Ends

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