Bank Customers Continue to Suffer Rate Plunge: MoneyRates.com Quarterly Study

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Survey finds lowest savings, money market, CD rates in study's history; online savings interest rates nearly 10x those of branch-based accounts

Foster City, CA – January 27, 2021 – Leading personal finance site MoneyRates.com releases its survey of America's Best Rates for the fourth quarter of 2020. The analysis shows savings and money market rates plummeted to historic lows, as did rates for 1-year and 5-year CDs, during this quarter. The average rates are at the lowest levels ever recorded in this survey.

Consumers have been hit hard financially by the effects of COVID-19, with a direct shot at the bank accounts of Americans, whose average savings account earnings plunged by 66% in the past year.

"American consumer bank accounts have been among COVID-19's financial victims," explains MoneyRates' spokesperson and financial analyst Richard Barrington. "This is a hardship for retirees who depend on their savings for income, and also hampers the efforts of workers trying to sock money away for retirement."

Find the full report here: America's Best Rates 4th Quarter, 2020 - Savings, Money Market and CD Rates.

The latest study finds the four largest banks in the survey, each with more than $1 trillion in deposits, offer savings account rates of 0.04% or less. This is less than a third of the overall average, and less than a tenth of what consumers could earn at one of the more competitive banks.
Average rates during the fourth quarter of 2020:

- Savings accounts: 0.136%
- Money market accounts: 0.121%
- 1-year CDs: 0.237%
- 5-year CDs: 0.400%

Continuing with the trend, online accounts remain a bright spot for customers. The survey finds that across savings accounts, money market accounts and CDs, online accounts offer significantly better rates than traditional, branch-based accounts. The average online savings account rate during the fourth quarter was 0.421%, nearly ten times the average for traditional, branch-based accounts, which was 0.043%.

MoneyRates advises savers to fight the falling rate trend by shopping for online banks that meet the America's Best Rates standard for rate consistency. Rate consistency is the most effective way to find the best savings accounts and higher CD rates with emerging rate gaps. Since banks that make the list also tend to offer the highest rates year after year, it demonstrates an institution's commitment to remain competitive in a falling rate environment - and over the long run.

Top Banks

MoneyRates finds the average savings account paid an interest rate of just 0.136% during the fourth quarter of 2020. At the same time, the survey finds ten savings accounts paying 0.50% or better; experts stress there are opportunities for consumers to improve their interest yield.
Here are the top ten savings account average interest rates over the fourth quarter of 2020:

Rank	Bank	2020 Q4 Average Savings Account APY
1	SFGI Direct	0.69%
2	Salem Five Direct	0.68%
3	Axos Bank	0.63%
4	Synchrony Bank	0.63%
5	American Express National Bank	0.60%

6	Ally Bank	0.60%
7	Marcus by Goldman Sachs	0.55%
8	Discover Bank	0.55%
9	Sallie Mae Bank	0.53%
10	Barclays	0.50%

Note: *Rates that appear tied are separated by small fractions of a percentage.*

The fourth quarter of 2020 saw average savings account rate dips even lower than the previous record drop of 0.160% in the second quarter of 2015.

Other Findings

- The average online CD rate is more than 0.20% higher than the average CD rate offered at traditional branches
- Throughout the America's Best Rates study's history, online accounts have consistently offered clearly better rates than traditional accounts, holding true in both rising and falling interest rate environments
- A large gap remains between the best interest rates and the average rate

"Large banks count on consumer complacency to get away with offering less competitive deals," Barrington adds. "It's up to consumers to decide whether they will accept being victims of that approach or take action to get more for their money."
Barrington is available to elaborate on this research and discuss how consumers can ensure they are getting the most out of their bank.

Methodology
Rather than base the America's Best Rates savings, money market account, and CD account rankings on a single snapshot in time, MoneyRates looks to identify the most consistently competitive accounts by averaging rates throughout each calendar quarter. Rates available to customers with a $10,000 balance and no broader relationship with the bank are used for this survey.

Further, to provide a representative view of banking trends, the analysis is based on the MoneyRates Index, a consistent sample of accounts reflecting a cross-section of the retail deposit industry. The MoneyRates Index comprises 50 of the largest retail deposit institutions in the United States, plus 25 smaller banks and 25 medium-sized banks.

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Since 1998, MoneyRates.com has served as a personal finance resource designed to help readers make the most of their money. In addition to a variety of financial calculators, MoneyRates.com researches and tracks CD, savings, and money market rates offered from over 400 financial institutions across the country to offer expert advice on banking, investing and retirement planning.

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