



## Settling for Average Rates Costs Bank Customers More than Ever

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*Gap between top and average rates the widest in history of survey*

**Foster City, CA: January 30, 2019** - The America's Best Rates analysis released today by personal finance resource [MoneyRates.com](http://MoneyRates.com) on the fourth quarter of 2018 found that, while interest rates on savings and money market accounts continued to edge higher, the rate gap between a handful of leading banks and average rates is widening.

For example, in the survey, the leading savings account from MySavings Direct offered an interest rate of 2.32 percent over the course of the fourth quarter of 2018 while the average savings account rate in the survey was just 0.42 percent.

That difference of 1.9 percent between the top rate and the average rate could cost the average depositor \$190 a year, assuming a \$10,000 savings account balance.

Not only does the gap represent a high price to pay when settling for average, it is also the widest the gap ever seen between the top rate and the average rate in the six-year history of the MoneyRates.com survey.

The survey identifies interest rate trends that, under analysis, expose risks and opportunities for consumers. In particular, this widening gap shows that, while rates for deposit customers are trending upward, they are doing so at a very slow pace. Our research also identifies the exceptions -- a handful of banks that are engaged in a healthy competition to raise rates more rapidly.

Notably, a considerable risk to consumers carrying debt exists because interest rates paid by banks to customers have not increased nearly as quickly as rates charged to customers on credit cards. Figures from the Federal Reserve reveal that the average rate charged on credit card balances has jumped by 1.87 percent over the past year while the average rate on savings accounts has risen by just 0.145 percent in the same period -- less than one-tenth the amount of increase.

"Consumers are getting the short end of the deal from rising interest rates," notes Richard Barrington, Senior Financial Analyst for MoneyRates.com. "They are paying sharply higher rates on credit while receiving only mildly better rates on deposits. However, bank customers can even the playing field a bit by shopping actively to find better rates on deposit accounts."

This trend in savings accounts is echoed by trends in money market accounts and CDs. While the average money market rate is just 0.43 percent, depositors can get a rate of 2.13 percent from Sallie Mae Bank, which offered the leading money market rate in the survey.

Similarly, rather than settle for the average 5-year CD rate of 1.69 percent, investors can secure a rate of 3.44 percent from BMO Harris Bank, which led the 5-year CD rate category.

Another major trend identified in the study is the clear rate advantage offered by online banks. For example, online savings accounts offered an average rate of 1.19 percent during the fourth quarter, more than ten times the average rate of 0.101 offered by traditional, branch-based savings accounts.

"Rate-shopping shouldn't be difficult, and it's not like you have to change banks frequently," says Barrington. "The most competitive banks tend to lead rate trends from one year to the next. With the gap between those leading banks and average rates getting so wide, it's well worth making a switch to a bank that is consistently among the leaders."

The America's Best Rates survey is based on the MoneyRates Index, a representative cross-section of the banking industry, representing 50 of the largest retail deposit institutions as well as 25 small and 25 medium-sized banks. The survey is unique in measuring this representative industry sample because it averages bank rates over the course of the quarter rather than just analyzing a single snapshot in time.

See the full article here: <https://www.money-rates.com/research-center/americas-best-rates/2018-q4.htm>

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Since 1998, [MoneyRates.com](http://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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