



MoneyRates.com Finds Savings Account Fees May Outweigh Interest Earned

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Quarterly survey shows record drops in savings and money markets, plus big declines in CDs

Foster City, CA – July 30, 2020 – Today, [MoneyRates.com](https://www.moneyrates.com) released its quarterly survey of America's Best Rates for the second quarter of 2020. The analysis shows savings account interest rates suffered a record drop during the quarter. Rates on money market accounts, one-year and five-year CDs took the biggest plunges in the study's history.

"Bank branches have become somewhat of a dangerous place, and not just because of the risk of COVID-19 infection," comments Richard Barrington, MoneyRates' spokesperson and senior financial analyst. The QuinStreet personal finance site's latest study finds that low interest rates can be "dangerous" to the savings of customers with smaller accounts at local branches because fees on some accounts may far outweigh what they can earn.

The good news? Customers can find the best options by using rate consistency as a measurement when they shop.

The America's Best Rates research identifies banks that consistently offer the highest rates, thus helping customers find the best ways to profit from rate gaps. Evaluating banks on their rate consistency is becoming increasingly important as many face financial hardship from the coronavirus pandemic.

The average savings account rate offered in the second quarter of 2020 was 0.0274%, which represents a dip of 0.102% from the first quarter's average rate. This is the biggest single-quarter drop in the eight-year history of the study.

Top Banks

The America's Best Rates survey finds a handful of more appealing savings accounts, with 14 banks offering an average rate greater than 1% during the second quarter.

Here are the top ten savings account average interest rates over the second quarter:

	Bank	2020 Q2 Average Savings Account APY
1	UFB Direct	1.57%
2	SFGI Direct	1.55%
3	Marcus by Goldman Sachs	1.39%
4	American Express National Bank	1.39%
5	Ally Bank	1.35%
6	Capital One	1.34%
7	Barclays	1.32%
8	Synchrony Bank	1.31%
9	Axos Bank	1.30%
10	Discover Bank	1.28%

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

Approximately 9% of online savings accounts charge a monthly fee, according to the survey. Online accounts typically offer higher interest rates, making them a better alternative for large and small savers alike. Consumers should use rate consistency to evaluate banks for the [best savings accounts](#).

"Monthly fees are a tough pill to swallow for savings accounts, because they often sit idly for months on end," Barrington points out. "These fees can and should be avoided."

Other Findings

- The average [money market rate](#) during the quarter was 0.229%, a 0.12% drop from the previous quarter. This marks the biggest single-quarter decline in money market rates since the survey began in 2012.
- Typically, a monthly maintenance fee for a bank is \$5 per month unless a \$300 minimum balance is maintained. This means a \$250 account would incur \$60 a year in monthly fees. The average savings account interest rate is 0.274%, so that account would only earn 68.5 cents in annual interest.
- MoneyRates found six banks that offered an average rate of more than 1% in the second quarter on money market accounts, led by CIT Bank at 1.453%. All six are online accounts.
- One-year CD rates dropped 0.313% in the second quarter, to an average of 0.461%.
- Five-year CD rates dropped 0.480%, to an average of 0.701%.

"Shopping for [higher CD rates](#) can be especially rewarding because CDs allow you to lock in your rate advantage," explains Barrington. See the complete results and rankings for savings accounts, money market accounts and CD rates here: [America's Best Rates on Savings, Money Markets and CDs – 2nd Quarter, 2020](#).

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.

About MoneyRates.com

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MoneyRates.com is a member of the company's expert Research and Publishing Division.

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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