



Bank Customers Poised to Lose \$56 Billion in Income in 2021 Due to Declining Rates

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MoneyRates.com quarterly survey finds top savings accounts are online banks

Foster City, CA – Oct. 29, 2020 – Today, [MoneyRates.com](https://www.moneyrates.com) released its survey of America's Best Rates for the third quarter of 2020. The analysis shows that savings account interest rates continue to plunge, and money market rates, one-year and five-year CDs all took the biggest dives in the study's history.

"The deep recession has sent interest rates sharply downward," MoneyRates' spokesperson and senior financial analyst Richard Barrington explains. "That has a devastating impact on Americans with bank savings – especially those who depend on bank account interest as retirement income."

Find the full report here: [America's Best Rates on Savings, Money Markets and CDs – 3rd Quarter, 2020](https://www.moneyrates.com/quarterly-survey/3rd-quarter-2020).

The QuinStreet personal finance site's latest study points out that savings account interest rates have been on the decline for six consecutive quarters now, the longest streak of falling interest rates in the America's Best Rates survey history.

The average decline in savings account rates, money market rates, 1-year CD rates and 5-year CD rates was 0.538% over the past year. That may not seem significant on paper; but when applied to an estimated \$10.4 trillion on deposits and non-transaction accounts, it would mean a monstrous \$56 billion loss of income for bank customers in the United States in the coming year.

Average rates during the third quarter of 2020:

- Savings accounts: 0.192%
- Money market accounts: 0.159%
- 1-year CDs: 0.329%
- 5-year CDs: 0.528%

MoneyRates advises that the best way to fight the falling rate trend is to shop actively 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 can demonstrate an institution's commitment to remain competitive in a falling rate environment - and over the long run.

Top Banks

MoneyRates finds that the top ten savings account rates in the third quarter all exceeded 0.80%, which means they were more than four times the average savings account rate. The latest study also shows that the average online savings account rate in the third quarter was 12 times the average offered by traditional, branch-based savings accounts. In fact, all ten of the best savings account rates for the quarter are at online accounts.

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

Rank	Bank	2020 Q3 Average Savings Account APY
1	BankFive	0.99%

2	SFGI Direct	0.97%
3	Axos Bank	0.96%
4	Ally Bank	0.92%
5	Salem Five Direct	0.90%
6	American Express National Bank	0.88%
7	Marcus By Goldman Sachs	0.85%
8	Synchrony Bank	0.85%
9	Discover Bank	0.85%
10	Capital One Bank	0.83%

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

The four biggest banks in the survey all offered savings account rates that sit well below average, but those rates represent a small fraction of the best available.

While not all online savings accounts charge monthly maintenance fees, MoneyRates also warns that the practice is becoming more common and savers should try to avoid them.

Other Findings

- The average money market rate during for Q3 was 0.159%, declining for the fifth consecutive quarter
- The trend of huge gaps between the best rates offered in each category and the average continues
- The average online savings account rate of 0.587% during the third quarter was better than 12 times the average rate from branch-based savings accounts
- With an average of .0329%, 1-year CD rates fell more rapidly over the past year than savings or money market rates.
- The average 5-year CD rate fell by 0.173% during the quarter, the largest drop of any of the deposit products tracked by this survey

“Falling interest rates basically punish people for good habits,” says Barrington. “The reward for saving money is being cut every time rates fall. If you don’t want to accept that loss of income, it’s important to become active about shopping for rates.”

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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