

# Bankrate

## Less Than 1 in 4 Savers Earning at Least 3%; 75% of Online Accounts Offer Rates Higher Than That

*16% of savers not earning any interest, 14% don't know what they're earning*

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NEW YORK – March 30, 2023 – As savings rates continue to rise, only 22% of savers are earning 3% or more on their accounts, according to a new Bankrate report. Further, 16% of savers are not earning any interest on the money in their accounts, while 14% say they don't know what, if any, interest they are earning. In addition, Bankrate's 2023 Online Savings Survey finds that 75% of online accounts offer an annual percentage yield (APY) greater than 3%. Bankrate surveyed a total of 63 savings accounts and money market deposit accounts available online, which have an average APY of 3.33%.

<https://www.bankrate.com/banking/savings/survey-competitive-savings-rates/>

### State of Savers

Overall, among Americans with short-term savings, just 7% of savers are earning 4% APY or more on their savings, and only an additional 14% are earning between 3%-3.99% APY. Roughly one quarter (24%) of savers are earning 1%-2.99% APY, while an equal percentage (24%) are earning less than 1% APY. Finally, 16% of savers are not earning any interest at all and 14% don't know what, if any, interest they are earning. This is the case despite an abundance of federally-insured, nationally available savings and money market accounts with low or no minimum deposit [listed on Bankrate](#).

Those with an online savings account are three times as likely to be earning at least 3% on their savings than those who don't have an online account (36% vs. 12%). They are also more than twice as likely to be earning 4% or more (11% vs. 5%).

Separately, one-third of Americans (33%) do not have any short-term savings.

“Higher returns on federally-insured savings and money market accounts represent the only free lunch in finance,” said Bankrate's Chief Financial Analyst Greg McBride, CFA. “You get additional return and don't have to take any investment risk to get it.”

## **Online Savings Account Offerings**

Of the 63 savings accounts and money market deposit accounts available online surveyed by Bankrate, the average APY is 3.33%, while the most common is 3.75%, and 47 of the 63 accounts (75%) earn 3% or more. 25 of 63 accounts surveyed (40%) earn 4% or more.

For 27 of 63 (43%) accounts surveyed, there is no minimum deposit required to open an account, the most common overall. 43 of 63 accounts (68%) can be opened with \$100 or less and 50 of 63 (79%) can be opened with \$1,000 or less. Of the 25 accounts earning 4% or more, 15 can be opened with no more than \$100.

Additionally, there is no ongoing balance requirement to earn the APY on 50 of 63 accounts (79%), and 57 of 63 accounts (90%) require no more than \$1,000 be maintained in the account to earn the APY. Of the 25 accounts earning 4% or more, 19 have no ongoing minimum balance requirement.

Thinking about the accounts that earn 4% or more, 14 require no more than \$100 to open the account, have no monthly fee, and are nationally available.

Of the accounts surveyed by Bankrate, 60 (95%) are available nationwide. Similarly, 60 of 63 accounts (95%) have a mobile app. Fourteen accounts, all money market deposit accounts, offer a check-writing capability.

### **“No Excuses” Accounts**

“Bankrate.com found 25 ‘no excuses’ savings or money market accounts in its survey,” McBride added. “These accounts are available nationwide, have no monthly fee, and no balance requirements to open the account or earn the APY – meaning these accounts are literally available to everyone.”

### **Millennials, Higher-Income Households Maximizing Savings**

Across cohorts, millennial savers (ages 27-42) are most likely to be earning 3% or more on their savings (26%), compared to 23% among both Gen X (ages 43-58) and Gen Z (ages 18-26), and 17% of baby boomers (ages 59-77).

Higher-income households (earning \$100,000+ annually) are most likely to be earning 3% or more on savings (31%), compared to 22% of households earning \$50,000-\$79,999 annually, 19% of households earning \$80,000-\$99,999 annually, and just 17% of households earning under \$50,000 annually.

The lowest-income households are most likely to not be earning any interest at all on their saving (24%), compared to 15% of those earning \$50,000-\$79,999 annually, 12% of those earning \$80,000-\$99,999 annually, and just 9% of those earning \$100,000 per year.

## **Resistance to Using Online Banks**

For those that do not have accounts with online banks, the top reasons are preference for access to a local branch (46%), comfort with current financial institution (41%), and worries about the security of their money (30%). Other reasons include not having enough savings to make it worthwhile (16%), uncertainty about ease and speed of money transfer (13%), haven't gotten around to it (10%), did not know such accounts existed (8%), thinking it takes too much time and effort to open an account (7%), don't know (6%), or something else (3%).

Millennial (56%) and Gen Z (50%) savers are far more likely to have an account with an online bank than their Gen X (35%) and baby boomer counterparts (23%).

Both Gen X and baby boomers without online accounts are more likely to point to their preference for access to a local branch (48%, 53% respectively) and comfort with their current financial institution (41%, 48%) as reasons why they do not have an account with an online bank. More than a third of baby boomers (36%) say their worries about the security of their money are keeping them from opening an account with an online bank.

Finally, McBride added, "You literally have no excuse not to open an account today and start earning much more interest on your savings."

### **Methodology:**

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,674 U.S. adults, among whom 2,485 have short-term savings. Fieldwork was undertaken on February 28 – March 3, 2023. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

Bankrate's 2023 Online Savings Survey looked at a total of 63 savings accounts and money market deposit accounts available online from 48 federally-insured banks and credit unions. The breakdown of the 63 accounts surveyed was 39 savings accounts (62%) and 24 money market deposit accounts (38%). The accounts were surveyed February 6-16, 2023.

### **About Bankrate:**

Bankrate has guided savers and spenders through the next steps of their financial journeys since 1976. Whether it's rates or information on mortgages, investing, credit cards, personal loans, insurance, taxes or retirement, the company offers various free resources to help consumers reach their goals. From product comparison tools to award-winning editorial content, Bankrate provides objective information and actionable next steps. Bankrate also aggregates rate information from over 4,800 institutions on more than 300 financial products, with coverage in more than 600 local markets. It's

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