

Bankrate

Two-Thirds of Savers Still Earning a Rate of Return of Less Than 4%

Just over half of Americans with short term savings have a savings or money market account with an online bank, up from last year

NEW YORK - March 27, 2024 - Despite yields on savings accounts that have remained at some of the highest levels in more than 15 years, two-thirds of savers (67%) are earning less than 4%, down from 79% surveyed last year, according to a new Bankrate survey. The 50 highest-yielding savings and money market accounts on Bankrate.com earn an average of 4.74% APY (as of March 20). Click here for more information:

<https://www.bankrate.com/banking/savers-still-earning-less-than-4-percent/>

The percentage of savers earning uncompetitive returns has decreased from one year ago. Less than one-fourth of Americans with short-term savings (22%) say they are earning a rate of return of 4% or more. This is an increase from last year, when just 7% of savers were earning at least 4%, indicating that savers have benefitted as interest rates increased from their levels one year ago.

Over 1 in 5 savers (22%) earn between 1% and 2.99% in comparison to 24% last year, and 1 in 10 savers (10%) earn between 3% and 3.99%. Furthermore, an additional 17% earn less than 1%, a decrease from 24% in 2023, and 17% are not currently earning any interest on their savings. Finally, 11% of those with savings do not know what rate of interest they are earning, down from 14% in 2023. 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](#).

Separately, one-third of Americans say they have no emergency or short-term savings (33%), remaining the same as last year.

“Despite widespread availability of higher returns on federally-insured accounts with little or no minimum deposit requirement, two-thirds of savers are earning less than 4% on their emergency savings,” said Bankrate Chief Financial Analyst Greg McBride, CFA. “Although plenty of savers have benefitted from rising interest rates with the percentage

of savers earning at least 4% having tripled from one year ago (7% to 22%), millions of Americans still need to get on board.”

Just over half of Americans with savings (51%) have a savings or money market account with an online bank, an increase from 40% last year. On the other hand, 46% say they do not have an account with an online bank (down from 55% last year), and just 3% do not know if they have an account, a decrease from 5% in 2023.

Among those without an online savings or money market account, the top three reasons cited are preference for access to a local branch (45%), comfort with their current financial situation (42%), and worries about the security of their money (32%). Other reasons include not having enough savings to make it worthwhile (22%), uncertainty about the ease and speed of money transfers (13%), haven’t gotten around to it (10%), not knowing such accounts existed (7%), the time and effort it takes to open an account (5%), or something else/don’t know (5% each).

“The most commonly cited reasons for not having an online savings or money market account are really excuses more than valid reasons,” McBride added. “The preference for a local branch or comfort level with the current financial institution can both remain intact, as only your savings account - nothing else - can be moved to an online bank to earn a higher rate of return. The online account is then linked to your present financial institution where the rest of your accounts remain.”

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 3,581 U.S. adults, including 2,418 who have short-term savings. Fieldwork was undertaken between February 20-23, 2024. 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.

About Bankrate:

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