

Bankrate

57 Million Pay Checking Account Fees Every Month and Nearly Half are Sacrificing Recession Preparedness to Do So

Younger generations twice as likely to pay monthly checking account fees and are paying more

NEW YORK – January 17, 2023 – More than 1 in 4 checking account holders (27%), or 57 million U.S. adults, are still paying fees every month (e.g., routine service charges, ATM fees and overdraft fees, etc.), and nearly half of them (48%) are sacrificing their level of recession preparedness to do so (saving for emergencies and/or paying down debt), according to a new Bankrate.com report. Click here for more information:

<https://www.bankrate.com/banking/checking-fees-survey/>

Overall, 73% of checking account holders are taking advantage of free checking accounts and pay nothing in monthly fees, but those that do pay fees are shelling out an average of \$24 per month, or \$288 per year.

Younger generations are more likely to feel the burden of checking account fees, as 46% of Gen Z (ages 18-26) and 42% of millennial (ages 27-42) checking account holders are paying monthly fees, compared to just 22% of Gen X (ages 43-58) and 14% of baby boomer (ages 59-77) checking account holders. Further, millennials are paying the most in monthly checking account fees (\$28), compared to \$25 for Gen Z, \$17 for Gen X, and \$22 for baby boomer checking account holders.

When asked what they would do with that money if they were not paying bank fees, those paying checking account fees indicate that they are sacrificing important financial objectives to do so, such as paying down debt (30%), saving for emergencies (29%), saving for a major financial goal (26%; e.g., buying a house, buying a car, saving for college, etc.), and saving for retirement (17%). Just over a quarter (27%) say they would use the money they currently use to pay bank fees for discretionary spending, while 21% do not know what they would use the money for.

Moreover, the inability to put the money used for checking account fees towards saving for emergencies and paying down debt impacts the level of recession preparedness for checking account holders who pay fees, particularly for those that are younger. More than half of Gen Z (56%) and millennial (52%) checking account holders are sacrificing their recession preparedness by paying monthly fees, compared to 46% of Gen X and 35% of baby boomer checking account holders doing the same.

According to an earlier-released Bankrate.com [Checking Account and ATM Fee Study](#), the average overdraft fee is \$29.80 and the average non-sufficient funds (NSF) fee is \$26.58. For interest checking accounts, the average monthly fee is \$16.19, marking the second highest fee ever tallied, while the average balance requirement to avoid a fee is \$9,658, down from 2021 but still 28% above the 2020 requirement, a record at that time. Nearly half (46%) of non-interest

checking accounts are free, and the average monthly fee is \$5.44, up 7% from last year. Additionally, the average total cost of an out-of-network ATM withdrawal is at a three-year high of \$4.66. However, 99% of noninterest checking accounts are either free or can become free when certain requirements are met, including maintaining a set minimum balance or having your paycheck directly deposited.

“The possibility of a recession this year remains one of Americans’ biggest fears, and any downturn could bring pain to your wallet on top of already high inflation and interest rates,” said Bankrate.com analyst Sarah Foster. “In extraordinarily uncertain times like these, experts recommend freeing up any amount of cash you can to recycle back into an emergency fund. But before cutting the cable cords or eliminating a streaming service or two, switching to a no-fee bank and eliminating those checking fees could be an even easier place to start. The one-time task of moving your account is worth the long-term benefit of extra security.”

Overall, 83% of U.S. adults have a checking account at a physical or online bank or credit union. However, just 60% of Gen Z adults and 78% of millennials have a checking account, compared to 88% of Gen X and 94% of baby boomers. In general, the average checking account holder has been with their bank or credit union for 17 years.

When asked why they have stayed with the bank or credit union where they have their primary checking account, nearly one-third (31%) of checking account holders who pay monthly fees chose a reason unrelated to products or services (too much of a hassle to switch, it’s the account they have always had, or don’t have time to shop around/research).

Reason for staying with the bank or credit union where you have your primary checking account	Checking account holders currently paying monthly fees
I am happy with the customer service	18%
They have convenient branch or ATM locations	14%
It would be too much of a hassle to switch	11%
They have no/low monthly fees	8%
Their reputation	8%
Their online or mobile tools	9%
It is the account I’ve always had	16%
They have good interest rates	6%
I don’t have the time to research/shop around for other options	4%
Other	3%
None of these	4%

Interestingly, when asked to choose what checking account feature is most important in considering the best financial institution, nearly 1 in 5 (19%) checking account holders paying monthly fees point to no/low monthly fees, behind only convenient branch, or ATM locations (20%). Other important features include good customer service (18%), user-friendly internet banking/mobile app (14%), strong reputation (12%), competitive interest rates (8%), or some other feature (1%). An additional 8% say they do not know what checking account feature is most important when considering the best financial institution.

“Don’t let the hunt for a no-fee checking account be your only financial checkup at the new year,” Foster added, “Today’s rising rate environment is giving consumers the best payouts in over a decade if they shop around for the right bank. Online banks are projected to pay almost 18 times more this year than the traditional brick-and-mortar bank. That translates to huge earnings: A consumer with \$10,000 in deposits could earn \$525 in one year, versus \$29 if they kept their cash at a traditional bank (<https://www.bankrate.com/finance/interest-rates-forecast/>). Routinely searching the marketplace and seeing what the top-yielding savings accounts are offering is a simple practice that pays.”

The 2023 Bankrate Awards are now live to help consumers find the best bank accounts and more. The Bankrate Awards highlight the best of the best in credit cards, banking and more, so that everyone can find winners for their wallet. For the complete list of this year’s winners and our methodology, please visit: www.bankrate.com/awards.

Additionally, Bankrate Visionaries are influencers, communities and nonprofits that deserve recognition for driving change in personal finance. For the complete list of 2023 winners, please visit: www.bankrate.com/awards/2023/visionaries.

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,657 U.S. adults, of which 3,069 have a checking account. Fieldwork was undertaken on December 7th – 12th, 2022. 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.

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