



Those Financially Impacted by COVID-19 Paying Four Times More in Bank Fees

Minorities, millennials also pay more than average checking account holder

NEW YORK – January 13, 2021 – Americans whose household income has been negatively impacted by the COVID-19 pandemic face another challenge: those with checking accounts at banks or credit unions are paying more than four times more per month in fees than those who say their household income has not taken a hit, according to a new Bankrate.com study. Additionally, minorities and millennials report paying higher bank fees than everyone else. Click [here](https://www.bankrate.com/banking/best-banks/#survey) for more information:

<https://www.bankrate.com/banking/best-banks/#survey>

For those in households that have suffered a setback in income during the pandemic, the monthly average for checking account costs is over \$11. Conversely, those who say their household income has not been negatively impacted by the pandemic report paying an average of less than \$3 per month.

“Those whose personal finances have been adversely affected by the pandemic have been hit with a double whammy of higher banking fees,” said Bankrate.com senior economic analyst Mark Hamrick. “Unemployment or loss of income can be devastating, but one should try to avoid adding financial insult to injury by paying too much in banking fees when so many less expensive options abound.”

Overall, the average U.S. checking account holder reports paying less than \$8 in fees, including routine service charges, ATM fees and overdraft penalties. A sizeable majority of checking account holders (72%) report paying nothing in monthly fees, while nearly 4 in 5 (79%) indicate paying \$5 per month or less.

In addition to those whose household income has taken a hit during the pandemic, those paying more in bank fees tend to be Black, Hispanic, and younger. These are the same groups that have suffered higher rates of unemployment and loss of income during the economic downturn this year as a result of the COVID-19 pandemic.

While white checking account holders report paying a below average \$5 per month in fees, Blacks and Hispanics pay more than twice as much (\$12 and \$14 per month respectively). Additionally, white checking account holders are much more likely to say that they pay nothing in monthly fees compared to Blacks and Hispanics (79% compared to 56% and 50% respectively).

Millennial checking account holders (ages 24-39) report paying \$15 per month in fees compared to \$6 for Gen X (ages 40-55) and just \$2 for baby boomers (ages 56-74).

According to an earlier-released Bankrate.com [Checking Account and ATM Fee Study](#), the average monthly fee for interest checking accounts and the balance requirement to avoid paying a fee hit new record highs of \$15.50 and \$7,550 respectively. For non-interest accounts, average

monthly fees hit a six-year low of 45.27, while nearly half of these types of accounts were free. The average overdraft fee hit a record of \$33.47, while the average total cost of using out-of-network ATMs fell slightly to \$4.64.

In the face of the pandemic, checking account holders also turned more to mobile banking this year, with 64% reporting that they have adjusted their payment practices to using online methods more frequently as a direct result of the pandemic. Nearly half (45%) say they have paid bills online more often, 25% have made more deposits with a smartphone app, 23% have used peer-to-peer payment methods such as Venmo or Zelle more often, and 21% say they have increased use of contactless payment methods like Apple Pay or Google Pay. Only 36% say they had done none of these.

“Many consumers are playing it smart by, in effect, engaging in social distancing with their banking and payments technologies,” Hamrick added. “Once we’ve emerged from the pandemic and the economic downturn, it will still be wise to take advantage of newer mobile banking technologies not only to save time, but to help stay on top of account balances and fees as well as the potential for potentially costly overdrafts and fraud.”

While some checking account holders have increasingly shifted to mobile banking, overall, the tendency to stay with the same financial institution over time has remained. The average account holder has been with the same bank or credit union for 14 years.

To help consumers find the best options, Bankrate.com has released its annual Best Banks lists. The winners are:

Best Big Bank: Capital One

Best Online Bank: Ally Bank

Best Regional Bank: Ridgewood Savings Bank

Best Credit Union: Alliant Credit Union

Bankrate also asked readers for their picks, through a SurveyMonkey using the same banks and categories. Those winners are:

Readers’ Choice - Best Big Bank: Chase

Readers’ Choice - Best Online Bank: Ally Bank

Readers’ Choice - Best Regional Bank: SunTrust Bank

Readers’ Choice - Best Credit Union: Navy Federal Credit Union

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,743 adults, among whom 2,339 were checking account holders. Fieldwork was undertaken on December 2-4, 2020. 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 gathered checking account, savings account, money market account and CD data from dozens of brick-and-mortar banks, credit unions and online financial institutions. Big banks generally had more than 500 branches across multiple states and regions. Regional banks generally had fewer than 500 branches located in one state or region. Online banks were those without branches or operating as digital financial institutions whose products are widely available online. Credit unions were membership-based organizations regulated by the National Credit Union Administration. The research team gathered data from Sept. 11-Oct. 14, 2020, and then gathered APY data a second time from Dec. 7-10, 2020.

We chose one checking account, savings account, money market account and CD from each institution. We assigned a score to each product category, looking at criteria including fees, APYs, minimum deposit requirements, minimum balance requirements, available CD terms, ATM access, mobile features and more. In the event of a tie, the financial institution with the higher APY on its savings account at the time of Bankrate's latest round of APY data collection (Dec. 7-10, 2020) received the higher ranking.

To determine the Readers' Choice winners, Bankrate issued a survey via SurveyMonkey for our audience to vote for their favorite financial institutions. Voters could choose from the same banks and credit unions Bankrate reviewed. Voting took place from Dec. 1-31, 2020.

About Bankrate.com:

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For More Information:

Julie Guacci
Publicist
julie.guacci@bankrate.com
973-525-3026