

# Survey: The Impact of the Covid-19 Pandemic on American Consumers' Savings & Banking Behaviors

**Presentation of Findings**

March 2021

**SAVEBETTER™**

# Methodology

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The following report provides the results of a survey recently conducted for SaveBetter by Signet Research, Inc., an independent research company.

A panel sample reflecting the U.S. general population was targeted. Response data was collected between January 15th through January 22, 2021.

The study closed on January 22, 2021. This report is based on 1,021 completes responses that are projectable to the U.S. general population. The base used is total answering each question.

The findings of this survey may be accepted as accurate, at a 95% confidence level, within a sampling tolerance of approximately  $\pm 3.1\%$ .

# Executive Summary

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- » While not many Americans have savings accounts with online-only banks, this survey suggests widespread openness to them; most savings account holders have either had accounts at online-only banks or would consider them. In addition, nearly everyone has done some banking transaction online.
- » Eighty percent of respondents have at least 1 savings account, in which at least one third of them keep at least \$10,000. Savings accounts represents widely varying percentages of total personal net worth.
- » Familiarity with CDs is common, but knowledge about retirement is not, with over half of non-retirees not knowing how much money they will need to retire and close to half not knowing when they will be able to.
- » While an attractive interest rate is one of the more important factors respondents would consider in opening a new savings account, strong safety protection and lack of fees are even more important.

- » Good customer service and attractive interests are the top two reasons for choosing an online only bank
- » The pandemic has affected personal finances in a number of ways:
  - Nearly half (48%) say they are worse off
  - The same percentage are banking online more often, and over one third plan to continue to bank online more often; the pandemic has also tended to make people more comfortable with online banking.
  - The pandemic and recent events have increased concerns about saving for retirement, increased realization of the importance of a nest egg, and increased perceptions of the importance of ease of access to their funds.
  - Twice as many respondents moved money into savings accounts than out of them during the pandemic.
  - Majorities report saving more for anticipated future events since the pandemic arrived
  - A majority plan to save more in 2021.

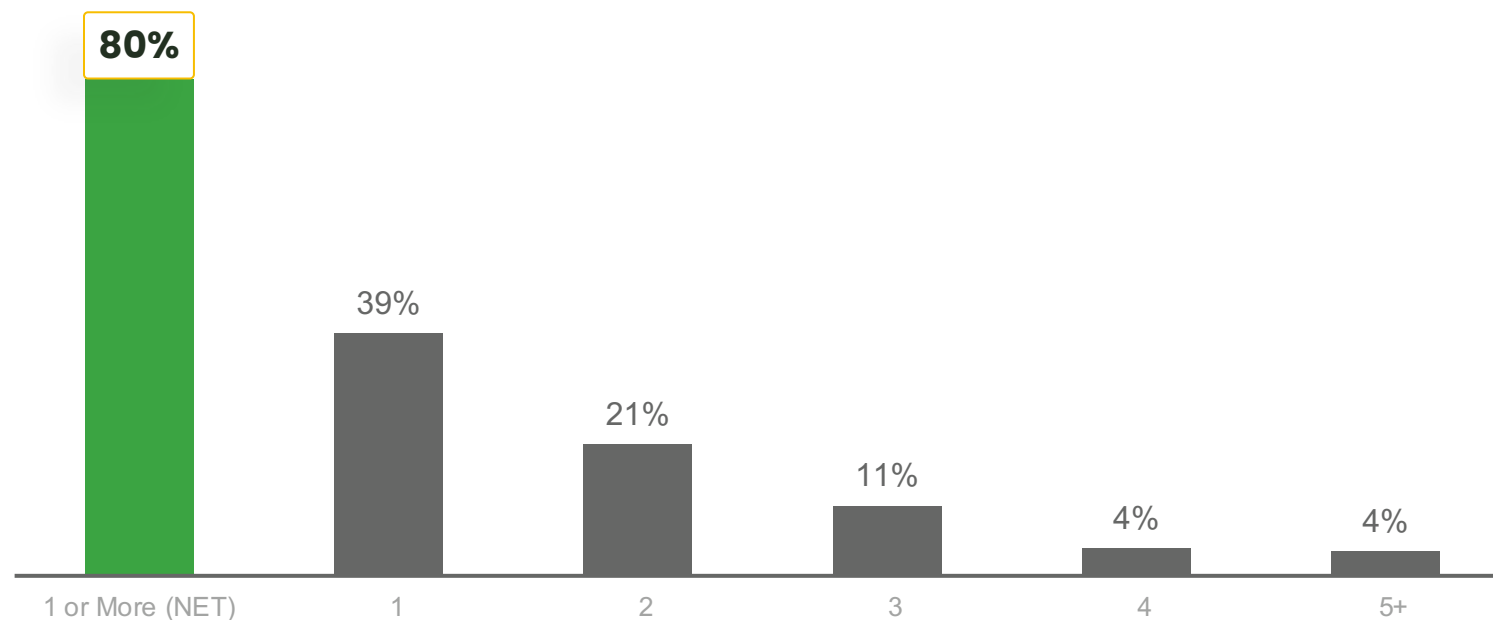
# Highlights

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- Over two-thirds of adults (68%) in a recent survey of the US general population agree that the pandemic and recent events have made them realize the importance of an emergency fund/nest egg. Over two-thirds of employed in the survey (68%) agreed that these events had increased their concerns about saving for retirement.
- A majority (56%) agree that the pandemic and recent events have made them more comfortable with online banking services.
- More of them plan to save more in 2021 than to save less (54% to 46%).
- More of them moved money into savings accounts (36%) than into any other financial instrument since the pandemic; this is twice the percentage who have moved money out of savings accounts (17%).
- The ease of access to banking assets has become more important to 45% since the pandemic, compared to just 10% for whom it has become less important.
- Three-quarters of those with savings accounts/CDs in physical banks say they have either had savings accounts in online-only banks (36%) or would consider one (40%).
- The most important considerations in opening a new savings account are strong safety protection (61%), no fees (55%) and being FDIC insured (55%). An attractive interest rate ranks fifth (49%).
- The two most important reasons for opening a savings account with an online-only bank were good customer service (49%) and the interest rate offered (48%). Ease of use ranked third (43%).

# Banking Profile

# Number of Savings Accounts



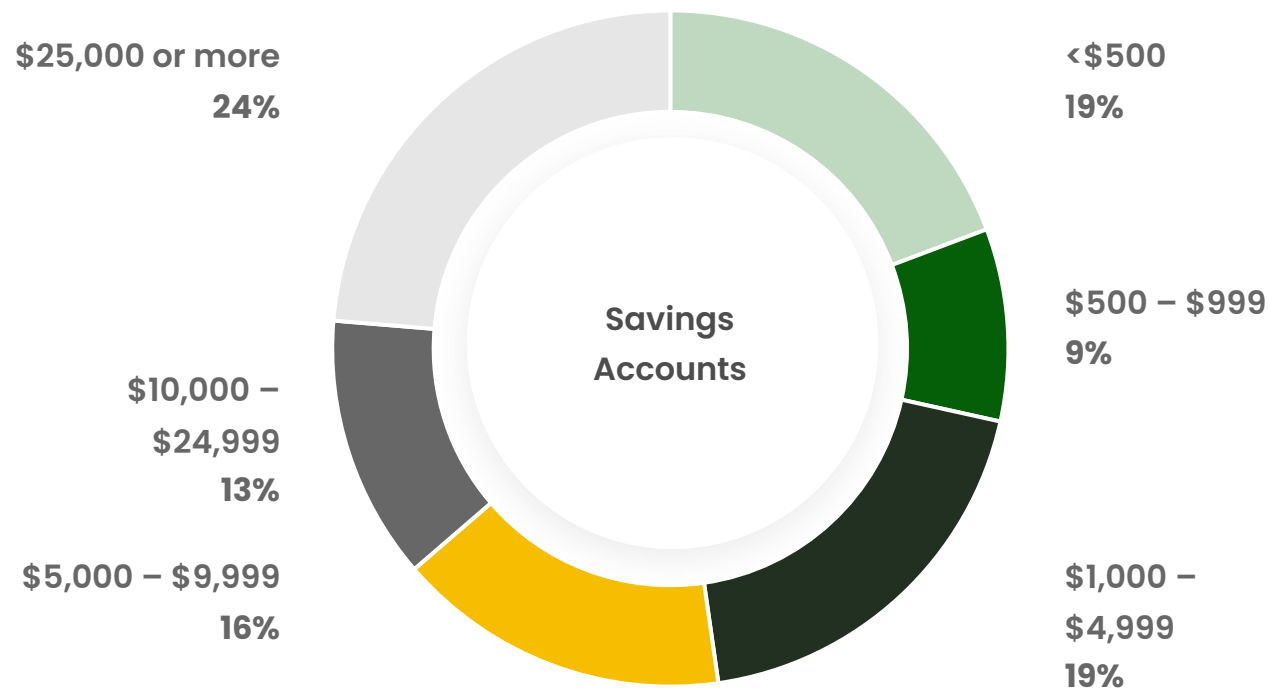
Q1. How many personal savings accounts (traditional) and/or Certificate of Deposit (CD) accounts do you currently have in total – either in your name or jointly held with a family member? **Base: Total Answering**

Four out of five of the adults surveyed have at least one savings account or CD. Half of those with savings accounts/CDs have more than one.

**Mean :1,6**

**Median :1**

# Total in Savings Accounts



Over one third of those with savings accounts or CDs reported having more than \$10,000 in these accounts; nearly one quarter of them report having at least \$25,000 in savings accounts and CDs.

**\$10K+ (NET) : 36%**

**Mean : \$11,000**

**Median : \$5,700**

» Q2. How much, in total, do you currently have in your traditional savings accounts and CDs? **Base: Have personal savings accounts and/or CDs**

# Savings Account Considerations

When shopping for a bank for a new savings account, respondents reported that they considered safety and lack of fees to be more important than an attractive interest rate. Having an easy-to-use app or website was almost as important as the interest rate.

Banks' support of the community and social causes were the least important considerations.



Q19. If you were in the market to open a new savings account, whether at an online or physical bank, please rate the importance of each of the following factors when it comes to deciding where to deposit the money. **Base: Total Answering**

Important Factors When Opening a New Account Very Important	
Strong safety/security/fraud protection	61%
No fees	56%
Is FDIC-insured	55%
No or low minimum balance requirement	50%
An attractive APY/Interest Rate	49%
Great customer service	47%
A website/mobile app that is easy to use	45%
Bank has a great reputation	44%
Bank has a nearby branch	42%
Bank is well known	33%
A wide variety of products (loans, credits, etc.)	32%
Bank supports environmental sustainability	29%
Bank supports social causes I care about	28%
Bank supports my local community	28%

# Knowledge of CDs

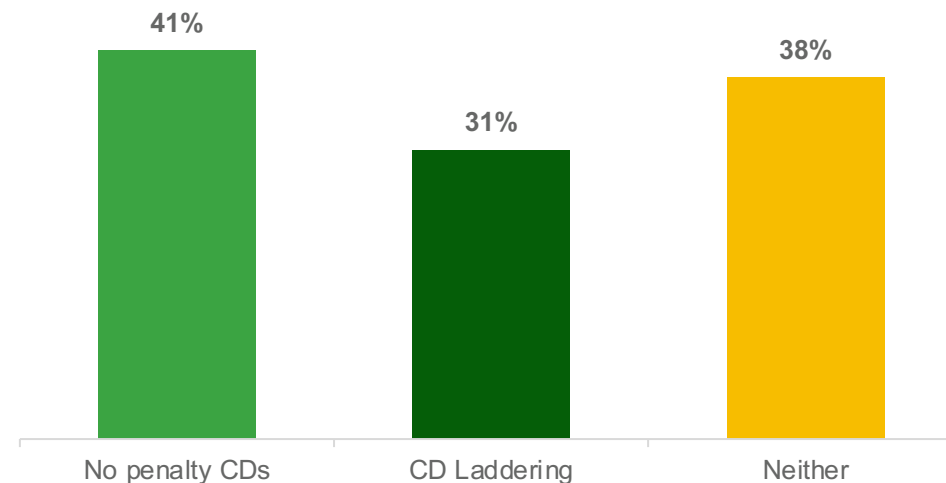
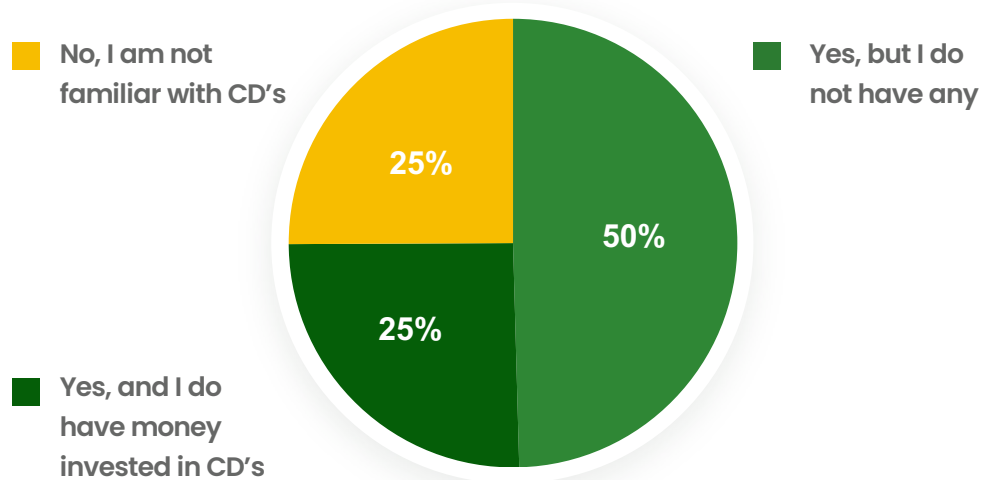


Most Americans are familiar with CDs: Only one in four of those polled was not familiar with CDs. Another one in four have money in them, while half were familiar with them but don't have one.



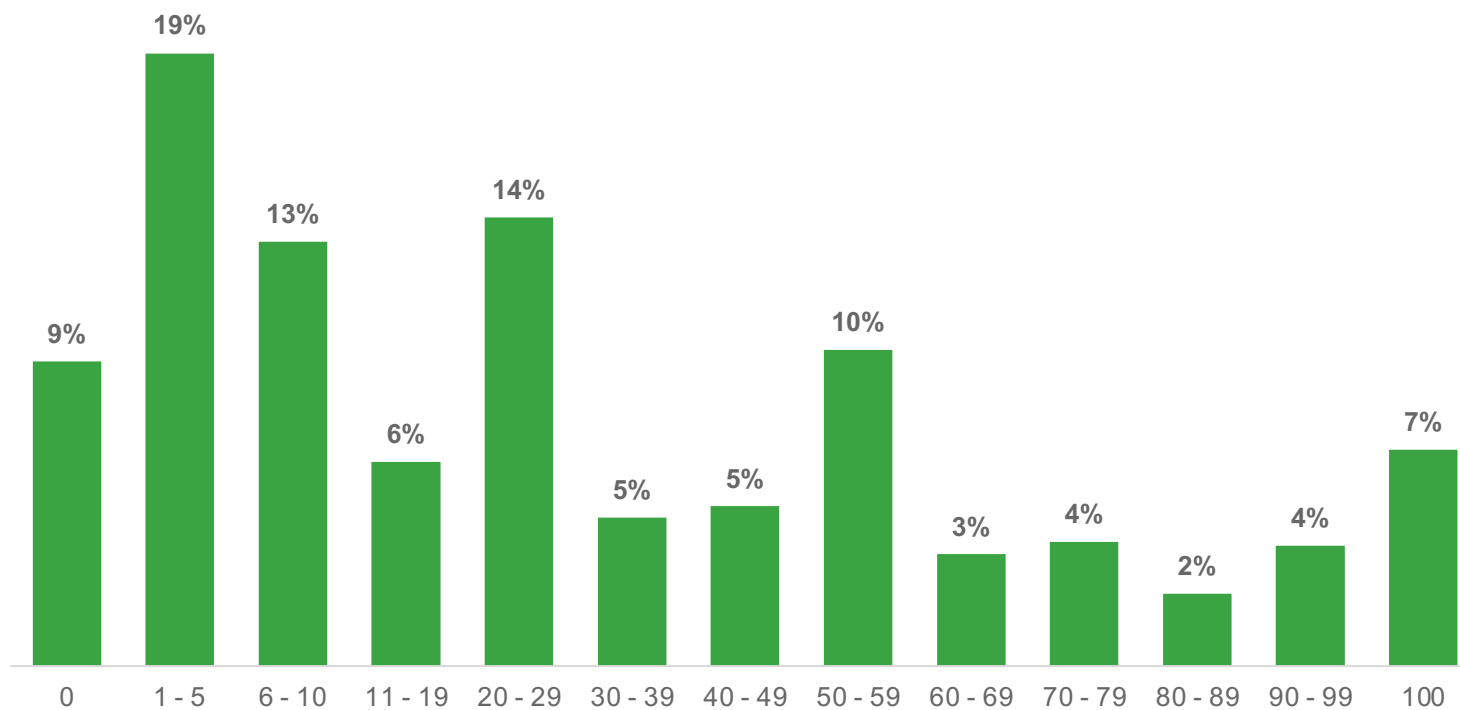
Over half (62%) of those who were familiar with CDs said that they were familiar with No penalty CDs or CD Laddering or both.

Familiarity with CDs



Q22. Are you familiar with Certificates of Deposit (CDs)? **Base: Total Answering**  
 Q23. Please indicate which of the following you are familiar with: **Base: Familiar with CDs**

# Percentage of Net Worth in Savings or CD



Among those who have money in savings accounts or CDs, their funds in these accounts tend to represent widely varying proportions of their portfolios. Over one quarter (29%) of those with money in savings accounts or CDs reported that these accounts represent at least half of their net worth. One in 10 have at least 90% of their net worth in savings accounts and CDs.

**Mean : 32%**

**Median : 22%**



Q31. What percentage of your net worth is in a bank savings account and/or CD? **Base: Have moneys in bank savings account and/or CD**

# Sources for Financial Information

- ✓ Search engines are accessed for personal finance information more than any other source. They are followed by newspapers and magazine.

## Used on a Regular Basis

Search engines	38%
Mass media publications (newspapers, magazines, etc.)	30%
Word of mouth/referrals	27%
TV	27%
Comparison websites & listing services	23%
Personal finance blogs	21%
Radio/podcasts	16%
Other	2%
None of the above	26%

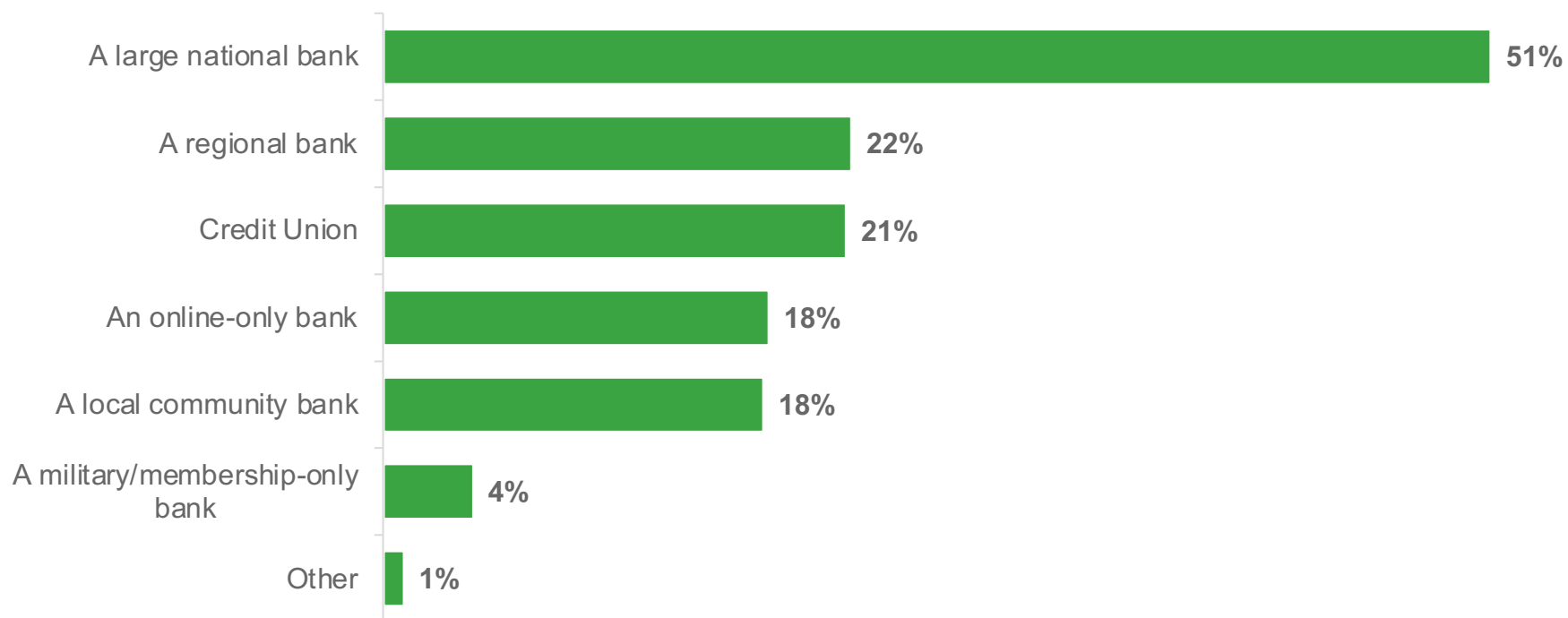


Q24. Which of the following do you access on a regular basis for personal finance information? Base: Total Answering

# Online Banking

# Current Bank Type

✓ Just under one fifth of those with savings accounts or CDs reported that they had such accounts at online-only bank.



Q3. Please indicate what type of bank(s) holds your current savings account(s) and/or CDs? **Base: Have personal savings accounts and/or CDs**

Note: Percentages add up to more than 100% due to having accounts at more than one savings institution.

# Usage of Online Bank

<b>YES</b>	<b>36%</b>
<b>NO (NET)</b>	<b>62%</b>
No, but I could consider opening a savings account with a bank that is 100% online	40%
No, I would never consider opening a savings account with a bank that is 100% online	22%
<b>Don't know/Remember</b>	<b>1%</b>



Q4. Have you ever opened a savings account with a bank that is 100% online?

Base: Currently have a savings but not in an online-only bank

Though most people with savings accounts hold them at a physical bank, most American adults appear to be open to putting their money in an online-only bank :

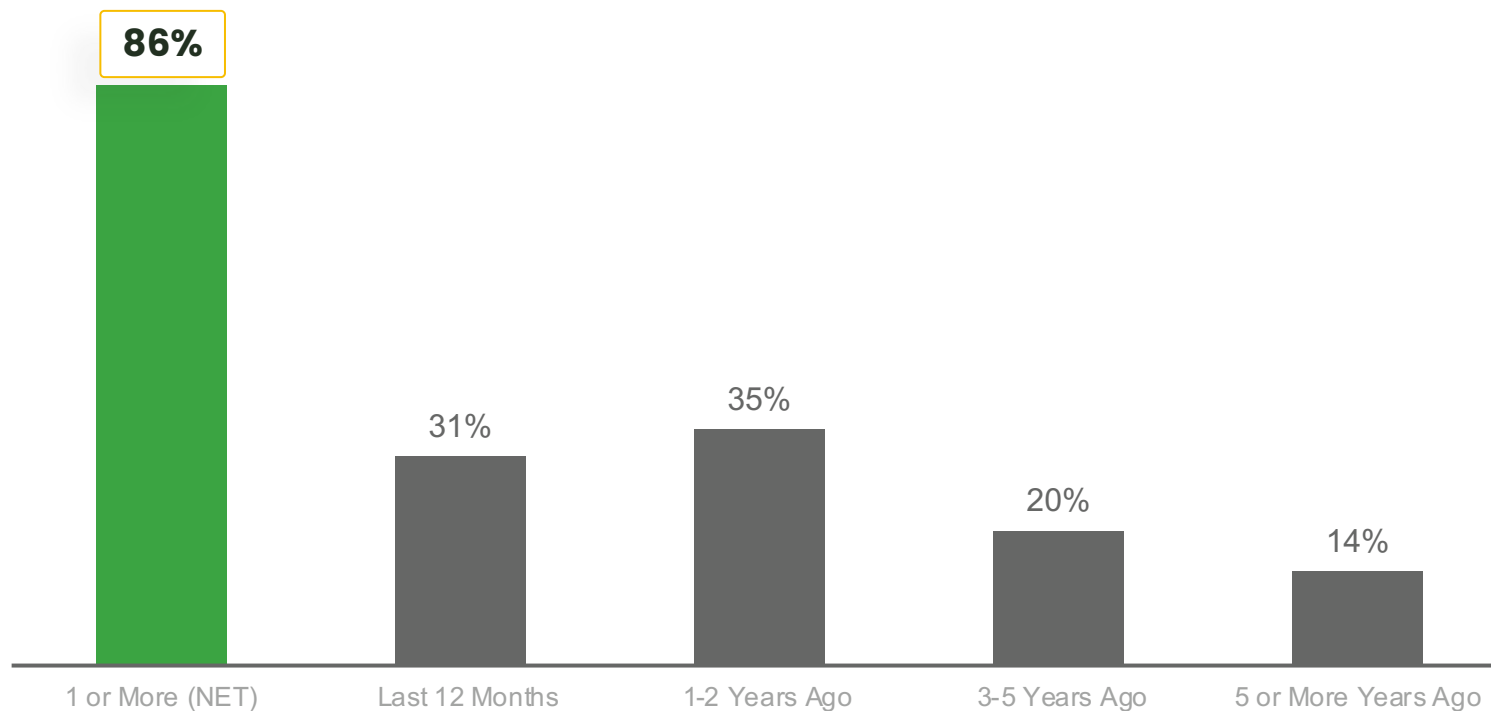
## 36%

About one third (36%) of those with savings accounts/CDs at a physical bank reported that they have had an online-only savings account at some point.



And those who have never had savings accounts at an online-only bank responded that they would consider it by a margin of nearly two to one over those who would never consider it.

# Timing of Online Bank Usage



The vast majority of those who currently or formerly had savings accounts in online-only banks opened those accounts in the last five years, a majority of them within the last two years.

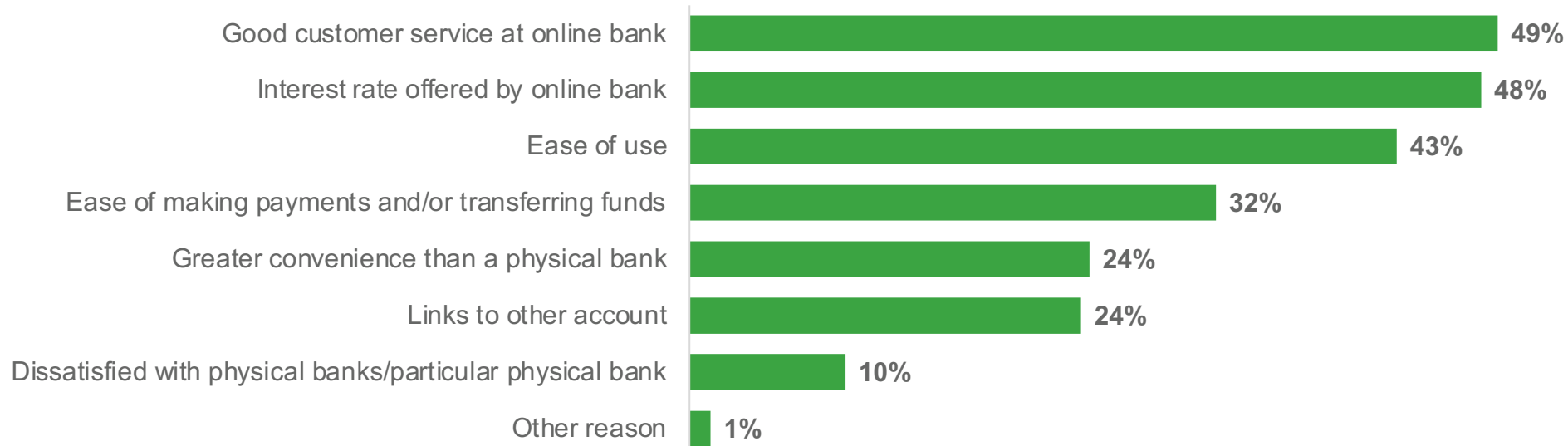
**Mean : 3 years ago**

**Median : 2 years ago**

» Q5. When did you most recently open a savings account with an online bank? **Base: Currently have an online-only bank, or have opened a savings account with an online only bank in the past**

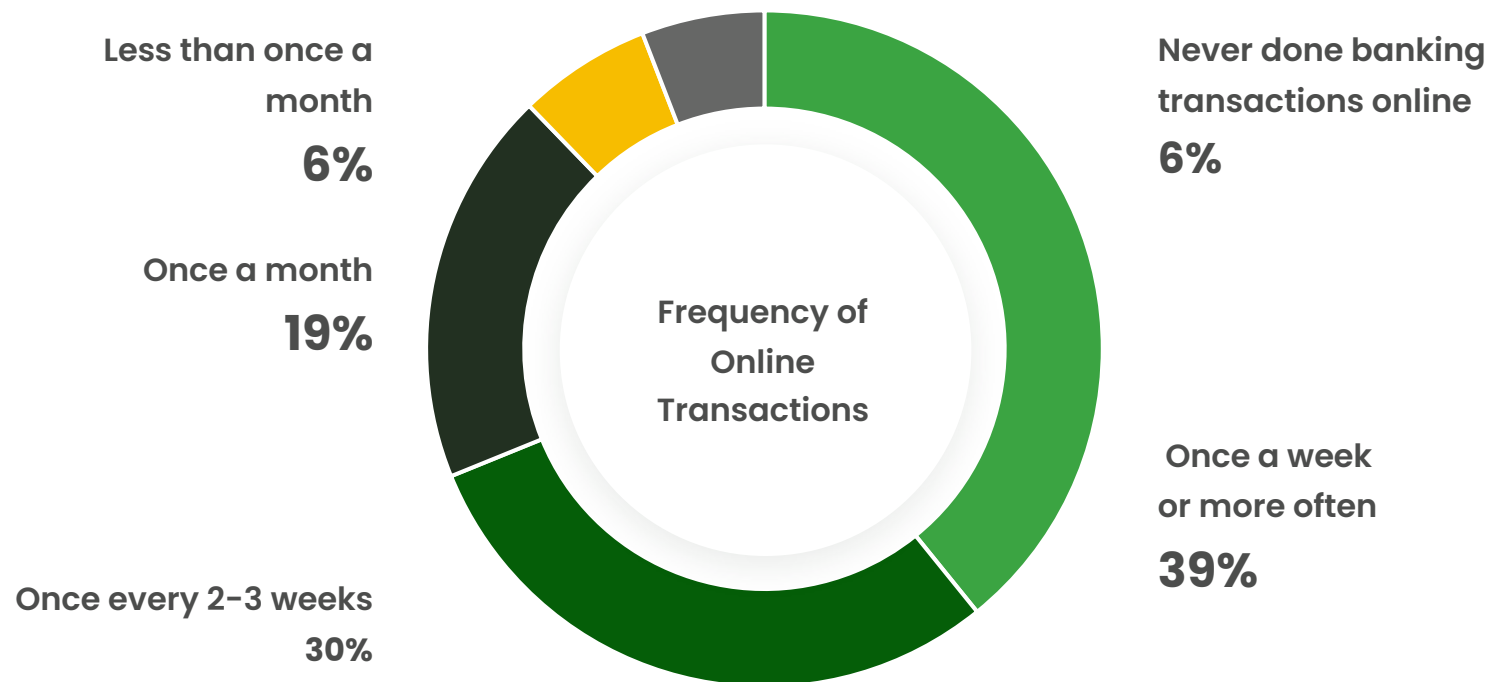
# Reasons for Banking Online

- ✓ The most common reasons for opening these accounts were good customer service (49%) and the interest rate (48%). Greater convenience than a physical bank was cited half as often (24%), and outright dissatisfaction with a physical bank was rarely cited as reason (10%).



Q6. Why did you open a savings account at an online bank? **Base: Currently have an online-only bank, or have opened a savings account with an online only bank in the past**

# Frequency of Online Transactions



Very few adults – just 6% of this sample -- claim that they have never done any banking transactions online. Over two thirds (69%) reported conducting online banking transactions at least once every two or three weeks.



Q7. How often do you conduct banking transactions – such as depositing or transferring funds and making payments – online? **Base: Total Answering**

# Online Banking During & After Pandemic



The pandemic has led to an increase in online banking activity that is likely to persist and perhaps even grow in the future: Nearly half of the respondents reported conducting more online banking now than prior to the pandemic, and about one third believe that they will continue to conduct more banking online even after the pandemic is over.

## Current Frequency

More often now	48%
Less often now	12%
About the same as before the pandemic	40%

## Post Pandemic Prediction

More often	35%
Less often	12%
About the same as now	53%



Q8. Are you conducting online banking more often or less often than you were before the pandemic?

Q9. After the pandemic is over, do you believe that you will be using online banking services more often or less often than you do now? **Base: Total Answering**

# Effects of Pandemic

# Financial Effects of Pandemic

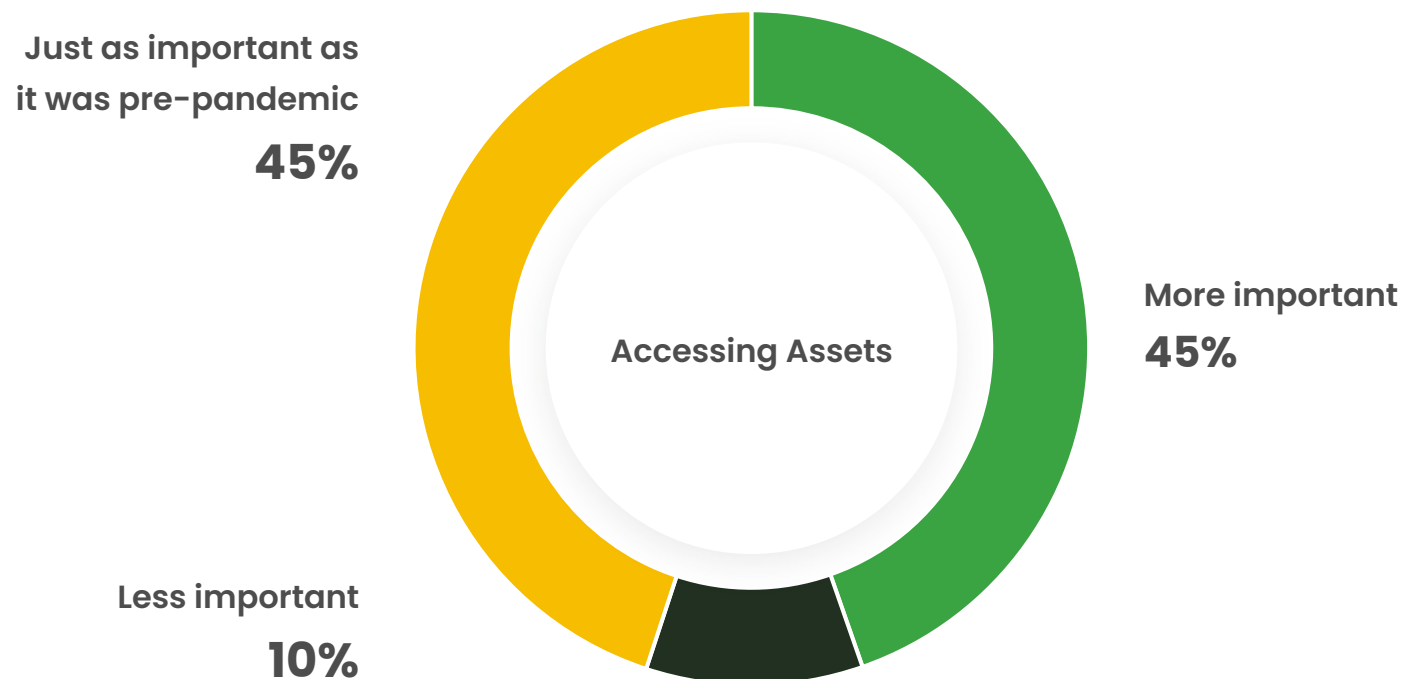
- ✓ As expected, the pandemic has had a net negative impact on the sample's financial well-being. Nearly half reported by being worse off due to the pandemic (48%), far outnumbering those who said that they were better off (18%).

<b>Worse off (NET)</b>	<b>48%</b>
<b>Significantly/Moderately worse off (NET)</b>	<b>30%</b>
Significantly worse off	16%
Moderately worse off	15%
Minimally worse off	18%
<b>Neither worse off nor better off</b>	<b>34%</b>
<b>Better off (NET)</b>	<b>18%</b>
<b>Significantly/Moderately better off (NET)</b>	<b>10%</b>
Minimally better off	7%
Moderately better off	4%
Significantly better off	6%



Q12. How have you been affected financially by the pandemic? Base: Total Answering

# Importance of Accessing Assets



Nearly half (45%) of the respondents believed that the ease of accessing their bank assets had become more important since the pandemic, while very few (10%) considered it less important.

» Q13. Since the pandemic, has the ease of accessing your banking assets (i.e., liquidity) become more important or less important to you? **Base: Total Answering**

# Money Movements During Pandemic

Respondents were much more likely to say that they moved money into savings accounts than into any other financial instrument. Moreover, it was the only asset type that respondents were much more inclined to move money into (36%) than out of (17%).



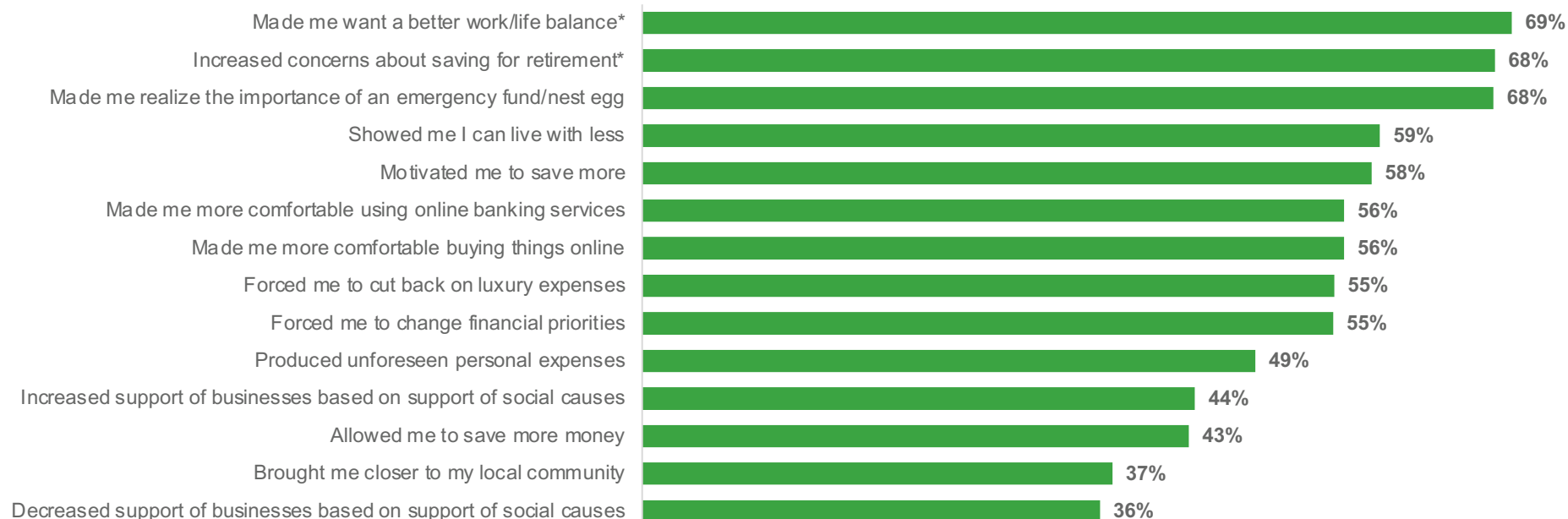
Q20. Since the pandemic, please indicate whether you have moved money into or out of the following types of accounts or investments.

Base: Total Answering

	Moved Money In	Moved Money Out	Did Not Make Changes	Do Not Have This Asset
Savings Accounts/ High Yield Savings Account	36%	17%	30%	17%
Certificates of Deposit (CDs)	16%	15%	25%	44%
IRA/401K	21%	15%	29%	34%
College Savings Plan (e.g., 529)	16%	13%	18%	53%
Mutual Fund	16%	12%	24%	48%
Money Market Fund	15%	12%	22%	51%
Digital Currency (e.g., Crypto)	18%	12%	16%	54%
Stocks/Securities	19%	14%	23%	43%
Lines of Credit (e.g., Home Equity)	14%	12%	22%	51%
Government Bonds	14%	11%	18%	57%
Treasury Bills	14%	11%	16%	59%
Other	12%	12%	14%	62%

# Changes Brought About by Recent Events

✓ Over two-thirds of the surveyed adults (68%) agreed that recent events had raised their awareness of the need for a nest egg, and the same percentage of employed adults agreed that recent events had increased their concerns about saving for retirement. Over half (56%) agreed that the pandemic had made them more comfortable with online banking services.

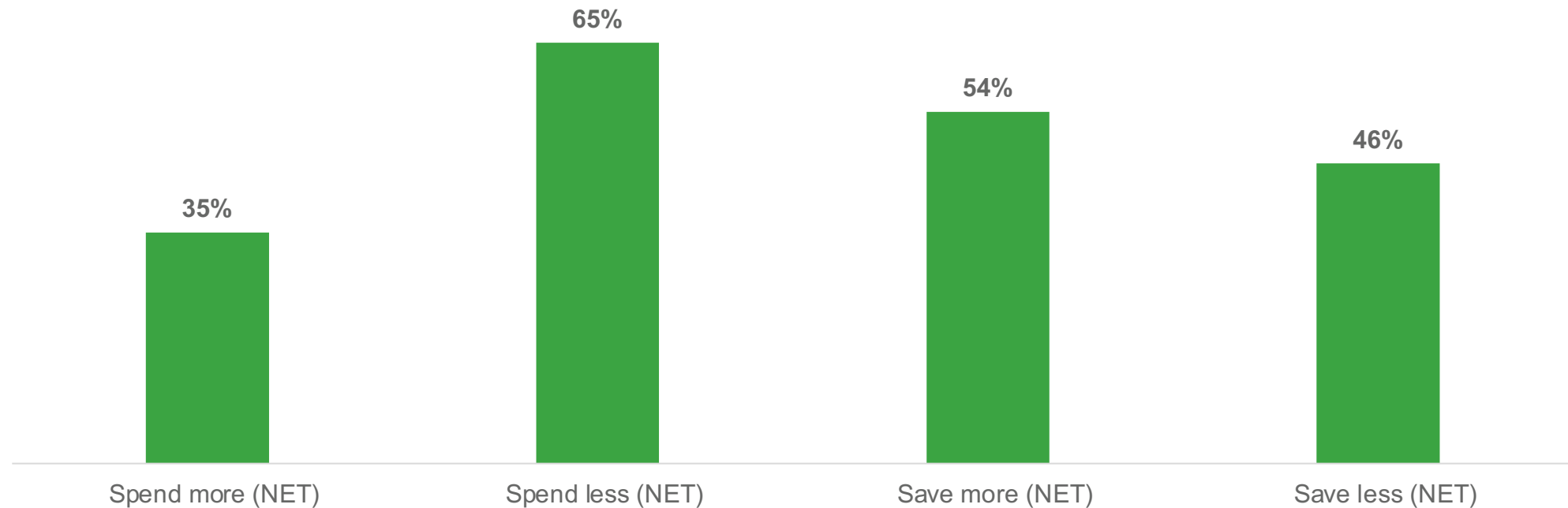


» Q11. The pandemic and the events of the past 10 months have... **Base: Total Answering**  
 \*Base: Employed

# Future Plans

# Plans for 2021

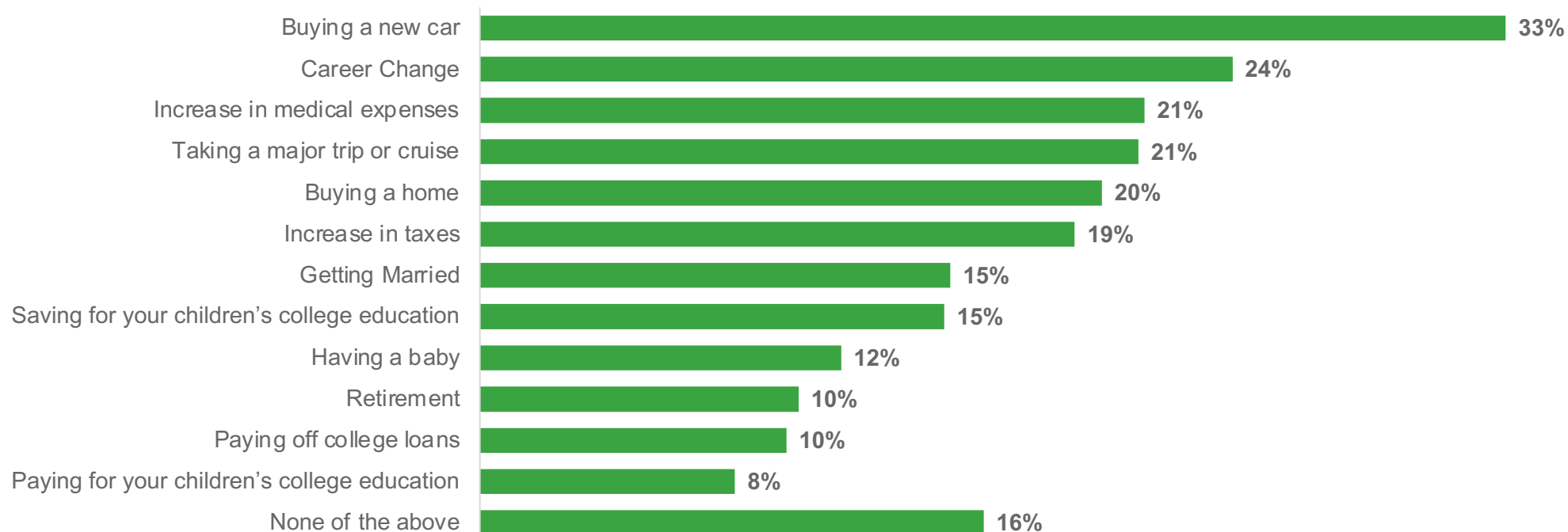
- ✓ 2021 is looking like a year for saving. More survey respondents said that they planned to save more this year than planned to save less (54% vs. 46%). Nearly two-thirds (65%) plan to spend less.



➤ Q14. In 2021, I plan to... **Base: Total Answering**

# Anticipated Future Events

- ✓ Most respondents (84%) anticipate an event in the next five years for which they might be interested in saving. The most common of these events was buying a new car, which one third (33%) expect to do in the next five years.



Q15. Which of the following do you expect to happen to you within the next 5 years? **Base: Total Answering**

# Saving for Future Events



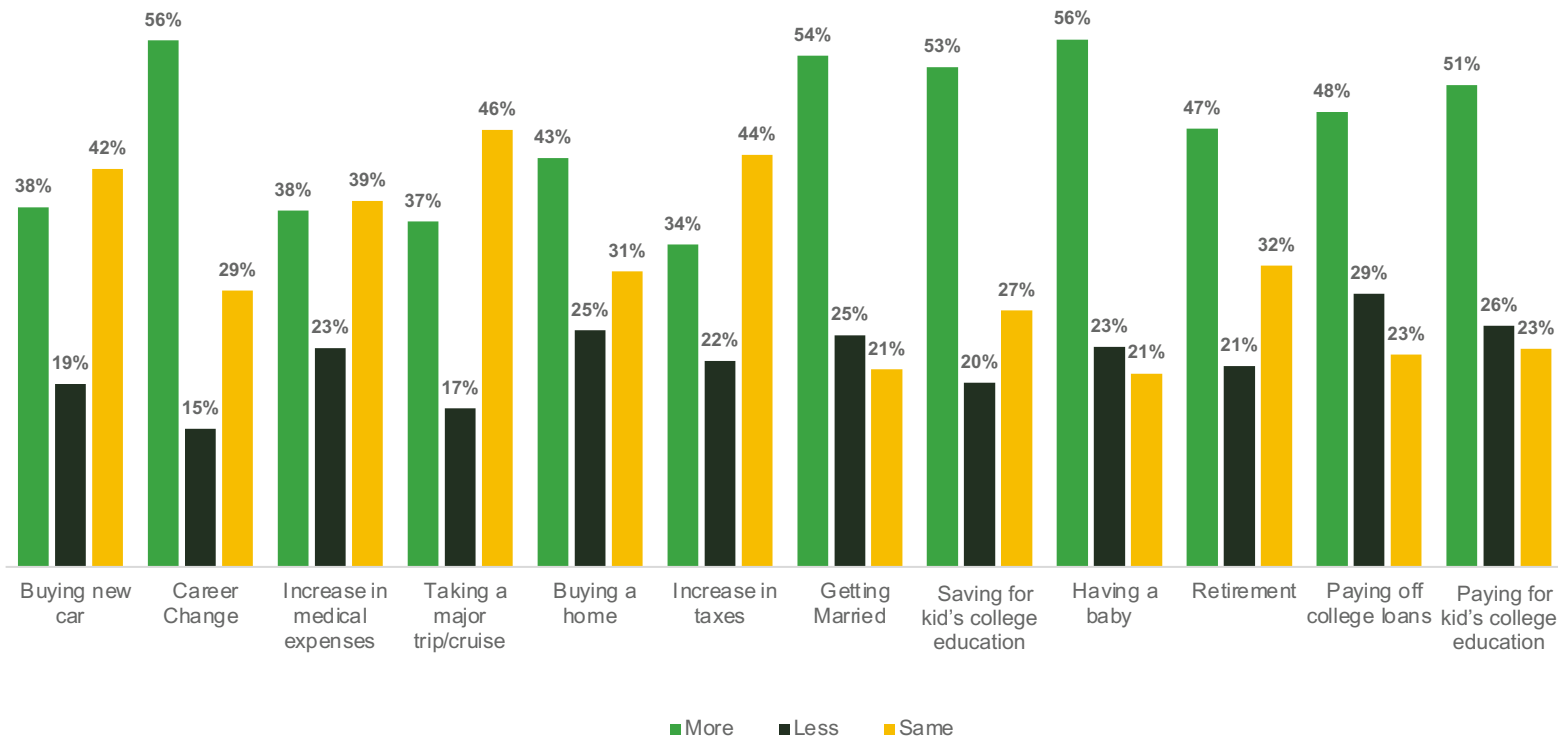
The people anticipating each of these events tend to think that they are saving enough for them. This is particularly true of taking major trips and paying for a child's college. Still, about one third who anticipate an increase in medical expenses, paying off college loans, and retirement feel that they are not saving enough for these events.

On Track to Save Enough for ...	Yes	No	Not Saving for This	Not Sure
Buying a new car	62%	22%	6%	11%
Career Change	60%	21%	12%	6%
Increase in medical expenses	41%	34%	10%	16%
Taking a major trip or cruise	64%	18%	10%	9%
Buying a home	53%	29%	7%	11%
Increase in taxes	50%	28%	9%	13%
Getting Married	59%	26%	11%	5%
Saving for your children's college education	64%	22%	7%	7%
Having a baby	57%	27%	10%	6%
Retirement	57%	30%	2%	10%
Paying off college loans	55%	31%	8%	6%
Paying for your children's college education	63%	30%	2%	5%



Q16. Do you think you are on track to save enough for the costs associated with these events? **Base: Event is happening in the next 5 years**

# Saving for Future During the Pandemic

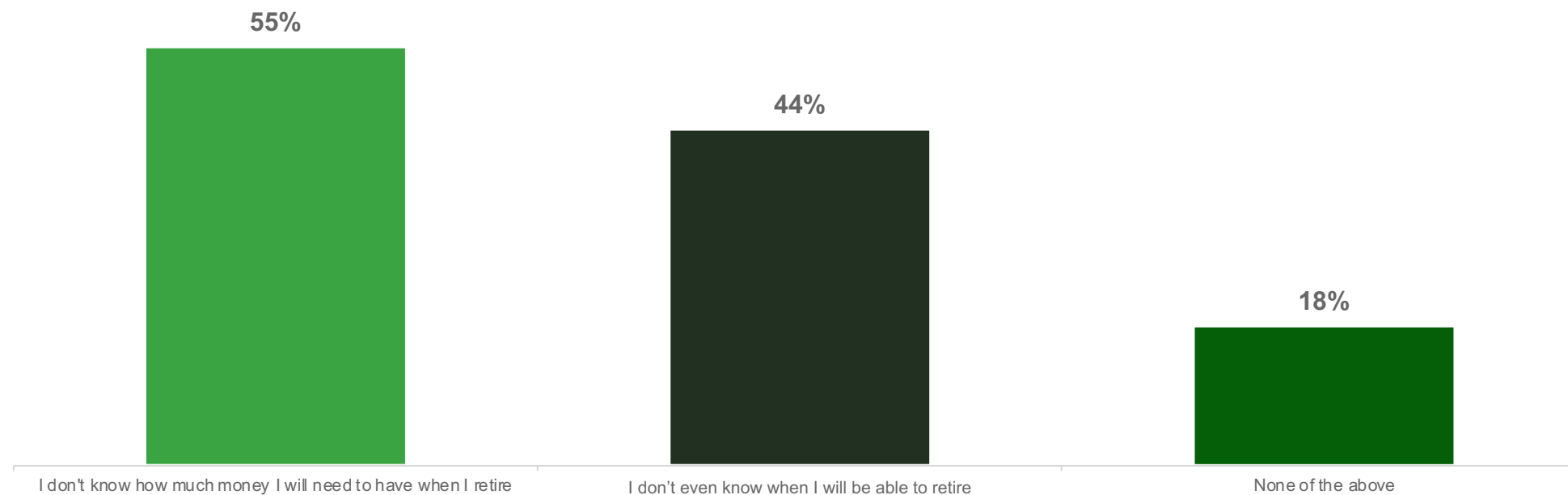


The people anticipating each of these events also tend to be saving more for these events than they were before the pandemic. This is particularly true of career changes, getting married, saving for children's college education and paying for that education. A majority report saving more for these anticipated events.

» Q17. Are you saving more or saving less for these events than you were before the pandemic? **Base: Event is happening in the next 5 years & saving for it/Not sure if saving enough for it**

# Thoughts on Retirement

- ✓ Despite increases in saving behavior during the pandemic, most pre-retirees (82%) admit their lack of knowledge about retirement – either how much money they will need for it (55%) or when they will be able to do it (44%).



Q18. Please select the following statements with which you agree. Percentages sum to more than 100% because respondents were allowed to check both “Don’t know how much” and “don’t know when.” **Base: Not retired**

# Demographic Profile

# Gender, Age & Ethnicity

As would be expected, the sample was split roughly 50/50 by gender, its median age was 41, and about three-quarters (77%) are white.



Q25. Are you... Q26. What is your age? Q28.. Which of the following describes the racial or ethnic group you most identify with? **Base: Total Answering**

Gender	
Female	50%
Male	49%
Age	
Mean	44
Median	41
	Baby Boomer (NET)
	24%
	Gen X (NET)
	26%
	Millennials (NET)
	38%
Ethnicity	
White/Caucasian	77%
Black or African American	11%
Hispanic or Latino	8%
Asian or Pacific Islander	5%
Native American/American Indian	2%
Other	1%

# Income & Investments

The sample's median income was in the mid-50s, and their median investable assets were just under \$50,000. One third have at least \$100,000 in investments and investable assets.



Q29. What was your estimated total gross household income from ALL sources before taxes in 2020? Q30. What is the approximate total value of your investments and your investable assets in US dollars?

Base: Total Answering

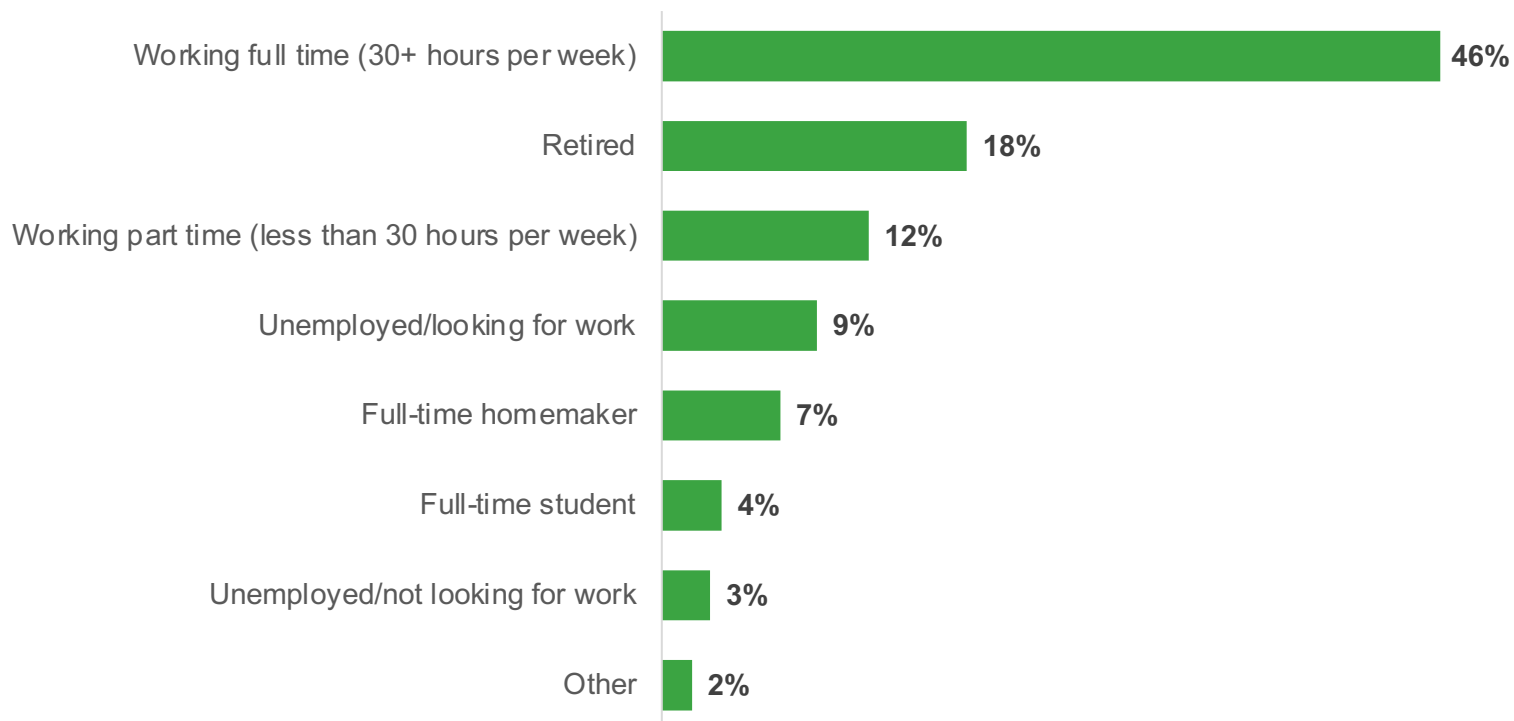
## 2020 Gross Household Income

\$100K+ (NET)	25%
\$250K+ (NET)	3%
Mean	\$80,245
Median	\$56,908

## Value of Investments & Investable Assets

Under \$35,000 - \$99,999 (NET)	67%
\$100,000 - or more (NET)	31%
Mean	\$186,989
Median	\$49,381

# Employment Status



As would be expected, a majority of them (58%) work either full-time (46%) or part-time (12%), while another 9% are unemployed and look for work.

**Working (NET) : 58%**

**Unemployed (NET) : 12%**

» Q10. What is your current primary employment status? **Base: Total Answering**

# Education & Location

The regional distribution of the sample mirrors that of the US population, with a greater proportion in the South than in the other three regions. More are suburban than urban. Less than half have college degrees, and very few have professional degrees or doctorates.

» Q27. What is the highest level of school you have completed... Q32. In what state do you live? Q33. Which of the following best describes where you live? **Base: Total Answering**

Bachelor's higher (NET)		44%
Bachelor's degree		22%
Master's degree		17%
Professional degree		2%
Doctorate degree		2%
Region of Residence		
Northeast		19%
Midwest		23%
South		38%
West		20%
Community Type		
Suburban		43%
Urban		35%
Rural		21%

# Thank You!



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