



August 8, 2017

Internet Banks vs Brick & Mortar : New Study Finds Online Banks Offer Savings Yields Four Times Higher than Traditional Banks & Credit Unions

For those looking to earn more interest on savings accounts, internet banks are increasing APYs at a faster rate than traditional counterparts

CHARLOTTE, N.C., Aug. 8, 2017 /PRNewswire/ -- A new study by DepositAccounts.com, now part of LendingTree®, shows that internet banks have an average annual percentage yield (APY) more than 4x greater than brick and mortar banks or credit unions. The study looked at APYs of [savings accounts](http://savings.accounts) at 6,278 internet banks, brick and mortar banks and credit unions across the United States.



The results of the study showed that the current [average savings account APY](http://average.savings.account.apy) with an internet bank is more than 4x that of credit unions and traditional banks. Savings account APYs for Internet banks have increased 29% since 1/1/2016, compared to an increase of 9% for brick and mortar banks and 2% for credit unions. The chart below also shows the amount increased year-to-date.

The study also compared the dollar impact of \$100,000 invested, assuming rates remained fixed at these levels over the course of 1, 5 and 10 years. Over the course of 10 years, an individual with \$100,000 invested in a savings account at an internet bank would gain \$8,338.79, versus \$1,747.04 in a brick and mortar bank and \$1,895.28 in a credit union.

Savings Accounts Institution Count = 6,278

	1/1/2016	1/1/2017	8/1/2017	% Increase YTD	% Increase Since 1/1/16	Gain on \$100K Invested*	1 year	5 years	10 years
B&M Banks	0.159%	0.161%	0.173%	7.4%	9.2%	B&M	\$173	\$870	\$1,747
Credit Unions	0.184%	0.181%	0.188%	3.9%	2.4%	CU	\$188	\$943	\$1,895
Internet Banks	0.625%	0.681%	0.804%	18.1%	28.6%	IB	\$804	\$4,086	\$8,339

*At these fixed APYs

"Not only will savers earn a much higher interest rate at internet banks, our study also shows they'll see the benefit of the rising rate environment much sooner, " said Ken Tumin, co-founder of DepositAccounts.com, now part of LendingTree.

Additionally, DepositAccounts.com offers a [Where to \(Safely\) Grow Your Cash tool](http://Where.to.Safely.Grow.Your.Cash.tool) to help consumers maximize the interest earned on their savings accounts. The tool illustrates the difference between being a smart and proactive investor, while remaining totally safe and federally insured, versus being a non-attentive investor who simply takes the average savings account offer and doesn't shop around on DepositAccounts.com.

Consumers enter their cash savings amount, state and investment horizon, and the tool automatically scans through the database of eligible accounts, generates a set of options and compares each of them to the baseline of simply investing that money into a national average savings account. The options include different deposit-product types and strategies,

ranging from easy (set it and forget it) to somewhat labor intensive (which earns more interest).

When looking at an example of a North Carolina resident investing \$100,000 for five years, the national average savings account would earn \$943 over that time period. Alternatively, one of the more creative strategies that the tool identifies would net \$14,484 over that same time period, all while remaining federally insured and totally liquid with the cash. The simpler approaches still net more than \$10,000 in gains (versus the \$943 national average savings account). This assumes rates remain flat for the investment period; the difference can be even larger as rates increase.

About DepositAccounts.com

DepositAccounts.com is the largest and most comprehensive online publication in the United States dedicated to providing bank deposit account information for consumers. It covers all 11,500+ federally insured banks and credit unions and utilizes its patented technology to daily track and update more than 270,000 consumer deposit rates. The site features more than 12,000 editorial articles detailing creative depository strategies and highlighting current bank rates and offers. It is also home to one of the largest communities of depositors on the Web, hosting more than 120,000 comments, customer reviews, and forum threads.

About LendingTree

LendingTree (NASDAQ: TREE) is the nation's leading online loan marketplace, empowering consumers as they comparison-shop across a full suite of loan and credit-based offerings. LendingTree provides an online marketplace which connects consumers with multiple lenders that compete for their business, as well as an array of online tools and information to help consumers find the best loan. Since inception, LendingTree has facilitated more than 65 million loan requests. LendingTree provides free monthly credit scores through My LendingTree and access to its network of over 500 lenders offering home loans, personal loans, credit cards, student loans, business loans, home equity loans/lines of credit, auto loans and more. LendingTree, LLC is a subsidiary of LendingTree, Inc. For more information go to www.lendingtree.com, dial 800-555-TREE, like our Facebook page and/or follow us on Twitter @LendingTree.

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