**Checking and savings accounts in the US banking system**

**Checking Accounts**

**Purpose:** Primarily used for daily transactions such as deposits, withdrawals, and bill payments.

**Features:**

* Typically offer unlimited withdrawals and deposits.
* Often come with a debit card, check-writing capabilities, and online banking access.
* May have monthly maintenance fees, which can sometimes be waived by meeting certain criteria (e.g., maintaining a minimum balance).

**Savings Accounts**

**Purpose:** Designed for saving money and earning interest over time.

**Features:**

* Limited to six withdrawals or transfers per month due to federal regulations (Regulation D).
* Generally offer higher interest rates compared to checking accounts.
* May have minimum balance requirements to avoid fees.

**Statistical Data**

1. **Number of Accounts:**
   * Checking Accounts: Approximately 125 million in the U.S.
   * Savings Accounts: Roughly 120 million in the U.S.
2. **Average Balance:**
   * Checking Accounts: Around $9,000 (this figure can vary widely based on the type of account and the bank).
   * Savings Accounts: Approximately $41,700, though this number is skewed by high balances held by wealthier individuals.
3. **Interest Rates:**
   * Checking Accounts: Typically offer very low interest rates, often around 0.01% to 0.05%.
   * Savings Accounts: Interest rates vary more widely but generally range from 0.05% to 0.50% for traditional savings accounts. High-yield savings accounts can offer rates from 1.00% to 2.00% or more.
4. **Bank Fees:**
   * The average monthly maintenance fee for checking accounts is about $10 to $15 if not waived.
   * Savings accounts may have lower fees, often around $5 per month, which can be waived by maintaining a minimum balance.
5. **Account Ownership:**
   * Approximately 95% of U.S. households have either a checking or savings account.
   * Roughly 7% of U.S. households are unbanked, meaning they do not have a checking or savings account.
6. **Online and Mobile Banking:**
   * Over 80% of U.S. adults with bank accounts use online banking.
   * Mobile banking usage is also high, with around 70% of account holders using mobile apps to manage their accounts.
7. **Account Ownership:**
   * Unbanked Households: As of 2021, approximately 5.4% of U.S. households were unbanked, down from 7.7% in 2013.
   * Underbanked Households: About 18.7% of U.S. households were considered underbanked, meaning they had a bank account but also used alternative financial services like payday loans or check-cashing services.
8. **Demographics of Account Holders:**
   * Age: Younger adults (aged 18-24) are less likely to have traditional bank accounts compared to older age groups.
   * Income: Households with higher incomes are more likely to have both checking and savings accounts. About 98% of households earning over $75,000 annually have a checking account, compared to 63% of those earning less than $15,000.
   * Education: Individuals with higher educational attainment are more likely to have checking and savings accounts. Approximately 94% of those with a college degree have a checking account.
9. **Interest Rates (as of 2023):**
   * Average Checking Account Interest Rate: Approximately 0.03%.
   * Average Savings Account Interest Rate: Around 0.06% for traditional savings accounts. High-yield savings accounts offered by online banks can have rates ranging from 1.50% to 2.50%.
10. **Fees and Charges:**
    * Monthly Maintenance Fees: Average fees for checking accounts are about $12-$15. Many banks offer ways to waive these fees, such as maintaining a minimum balance or setting up direct deposits.
    * Overdraft Fees: The average overdraft fee is around $33. Banks may offer overdraft protection services, which can help customers avoid these fees.
    * ATM Fees: The average fee for using an out-of-network ATM is around $4.72.
11. **Account Balances:**
    * Median Checking Account Balance: Around $3,400. The median is often lower than the average due to the influence of accounts with very high balances.
    * Median Savings Account Balance: Approximately $5,300. Similar to checking accounts, the median balance is lower than the average due to the distribution of funds.
12. **Transaction Trends:**
    * Debit Card Usage: Debit cards are the most commonly used payment method, accounting for about 28% of all non-cash payments.
    * Checks: The use of checks has declined significantly but still accounts for about 8% of non-cash payments.
    * Online and Mobile Transactions: Digital transactions are on the rise, with a significant portion of bank customers regularly using online and mobile banking.
13. **Digital Banking Adoption:**
    * Mobile Banking Users: Approximately 57% of U.S. adults used mobile banking in 2022.
    * Online Banking Users: Around 80% of U.S. adults used online banking services.

Insights and Trends

1. **Rise of Neobanks:** Digital-only banks, or neobanks, are gaining popularity, especially among younger consumers. These banks often offer lower fees and higher interest rates on savings accounts.
2. **Savings Rates and Economic Conditions:** Interest rates on savings accounts are influenced by broader economic conditions and Federal Reserve policies. In periods of low interest rates, traditional savings accounts may offer minimal returns, driving consumers to seek higher-yield options.
3. **Financial Inclusion Initiatives:** Efforts are being made to increase financial inclusion and reduce the number of unbanked and underbanked households. This includes offering low-cost banking options and financial education programs.
4. **COVID-19 Impact:** The COVID-19 pandemic accelerated the adoption of digital banking as more consumers turned to online and mobile platforms for their banking needs. Additionally, economic stimulus measures led to an increase in savings rates for many households.
5. **Shift to Digital Banking:** There is a significant trend towards digital and mobile banking, with many consumers preferring the convenience of managing their accounts online or via mobile apps.
6. **High-Yield Savings Accounts:** Due to low interest rates on traditional savings accounts, many consumers are opting for high-yield savings accounts offered by online banks.
7. **Fee Avoidance:** Consumers are increasingly seeking ways to avoid bank fees, whether by maintaining minimum balances, using direct deposit, or choosing fee-free accounts.

**Inference**

**Digital Banking Dominance**

* Over 80% of U.S. adults use online banking, while 57% use mobile banking
* COVID-19 accelerated the shift to digital platforms for account management

**Checking and Savings Remain Prevalent**

* 98.6% ownership rate for transaction accounts (checking, savings, money market)
* Neobanks (digital-only) offer alternatives with lower fees and higher savings rates

**Savings Account Yields Remain Low**

* Savings rates influenced by economic conditions and Fed policy
* High-yield online savings accounts offer 1.50% to 2.50% interest

**Financial Inclusion Efforts Ongoing**

* 5.4% of households unbanked, 18.7% underbanked in 2021
* Initiatives to increase access to low-cost banking and financial education

**Consumers Seek to Avoid Fees**

* Average $10-15 monthly checking fees, $5 for savings
* Maintaining balances, direct deposit used to waive fees