

# Digital-only banks will nab 6.5 out of 10 digital account openings in pandemic rebound

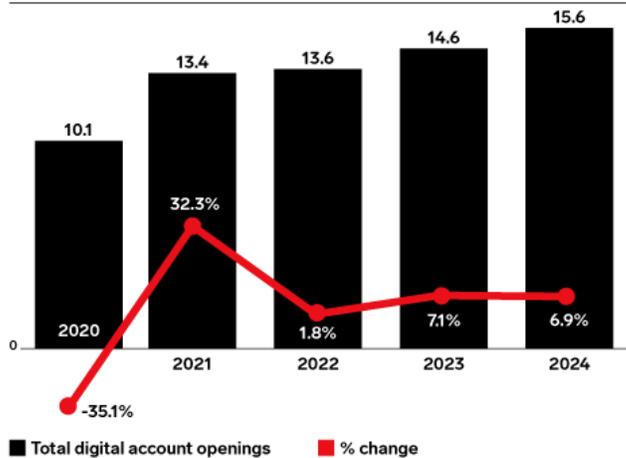
Article

**The news:** The number of US bank accounts opened digitally declined sharply last year against the backdrop of the coronavirus pandemic, [per](#) Insider Intelligence’s recent report, Account Opening in the Next Normal.

Openings for 2020 clocked in at **10.1 million**, or a **35.1%** drop from before the pandemic. However, the channel-based drop was coupled with an overall decline in accounts opened during the period. As banks shut down their branches, digital channels made up a larger share of account openings.

By contrast, this year we expect account openings to surge during the return to normalcy as pent-up demand for the products is unleashed. Through 2024, we project that the growth rate will normalize to incremental levels after the backlog is cleared.

**US Total Digital Account Openings, 2020-2024**  
millions and % change



Note: includes FDIC-backed full service bank accounts, credit union accounts, or brokerage accounts opened via web browsers or mobile app by an individual; includes digital-only banks; excludes accounts opened in person or over the phone but are managed through a digital platform; excludes credit cards and loans  
Source: eMarketer, May 2021

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**The bigger picture:** Digital-only banks are projected to recover from the digital account-openings dip markedly faster than their incumbent counterparts:

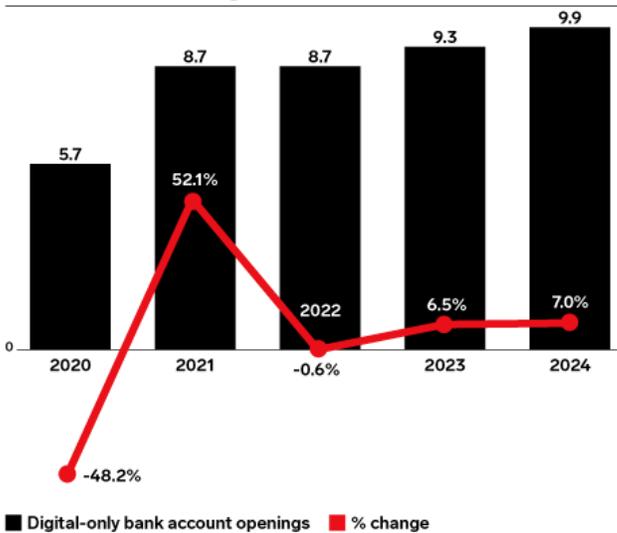
- **Traditional banks experienced small hits during the pandemic.** Incumbents’ account openings via digital channels dropped only **3.1%** in 2020 to **4.4 million**, per our estimates. However, our forecast shows that they will experience a 2021 rebound of just **6.3%**, reaching **4.6 million** digitally opened accounts. Incumbents’ growth drivers [include](#) customers’ trust, their greater brand recognition, and opportunities to cross-sell to customers. At the same

time, the established players must overcome growth inhibitors such as higher costs for serving customers due to the need for legacy channel maintenance, usage of legacy core technology, and heavy regulatory scrutiny.

- **Although digital-only banks were slammed by the pandemic, they're poised for a strong recovery this year, forecast to attract 6.5 out of every 10 accounts digitally opened.** Insurgents were hit hard in 2020. The causes of the damage ranged from their inability to incentivize sign-ups to their customers dropping secondary accounts. This year, we project that digital-only banks will recover strongly on the strength of pent-up demand from their major demographics: the unbanked, Gen Z, and Millennials. We expect demand to normalize by 2023, and that digital-only banks will follow a growth trajectory similar to incumbents, albeit from a higher base. Growth drivers benefiting insurgents include early direct deposits, customers' ability to pick their monthly fee, niche-market focus, and aggressive marketing. Meanwhile, inhibitors to their accounts' growth will stem from their own efforts to turn volume into profit: seeking primary banking status from customers, and bringing on more profitable customers.

### US Digital-Only Bank Account Openings, 2020-2024

millions and % change



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