

Koho introduces high-yield savings account in bid for Canadian customers

Article

The news: The Canadian challenger bank introduced its first no-fee savings account, Koho Save, [per](#) Crowdfund Insider. The account comes with a 1.2% interest rate with no minimum

balance required.

Why it's worth watching: Digital-only bank adoption has been relatively slow in Canada—but a high-yield account could help Koho buck the trend and pull in customers.

The Canadian banking market is dominated by its five largest incumbents, limiting room for new entrants and subsequently challenger bank usage, especially relative to markets like the US and the UK. And pandemic-related challenges, falling VC funding, and strong consumer trust of incumbent banks in Canada aren't helping to accelerate that uptake. Koho, for example, counts just 120,000 accounts since its launch two years ago, whereas many of its UK and US counterparts count at least 1 million accounts. High-yield savings accounts are a key factor historically used by neobanks to attract users, but central bank interest rate cuts in multiple countries over the past year have forced neobanks across the board to gradually lower their own interest rates. Therefore, the introduction of Koho Save could be especially timely and make the neobank stand out to prospective customers.