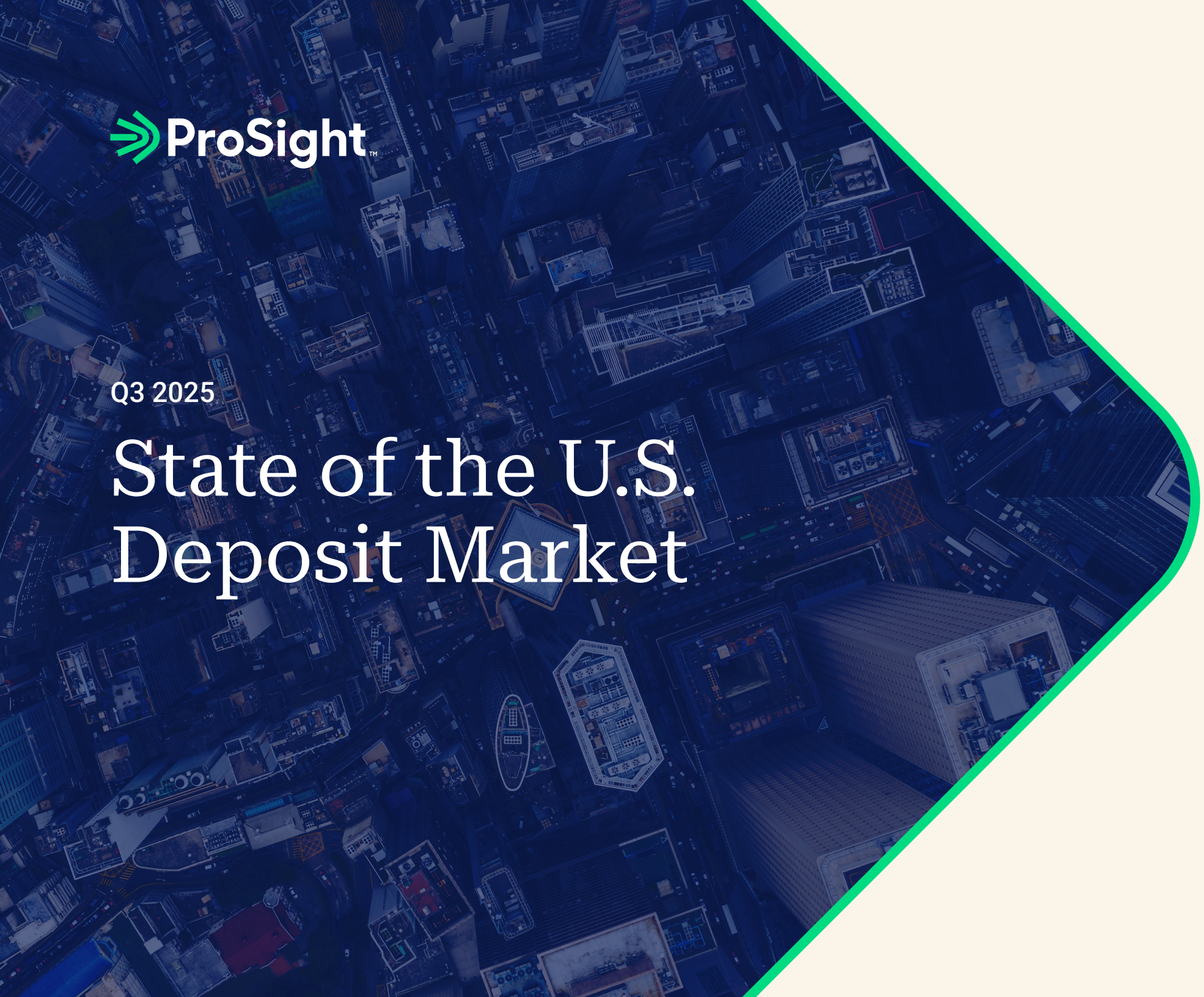
ProSight™

Q3 2025

State of the U.S. Deposit Market



Overview

Consumer and small business balance growth have outperformed last year's results through the first three quarters of 2025. Yet, the overall outlook remains uncertain and strongly dependent on the U.S. Federal Reserve's interest rate decisions.

Meanwhile, U.S. consumer wealth has grown enormously since the onset of the COVID-19 pandemic. That wealth creation has primarily benefitted a small yet economically dominant segment of the deposit market, and growth-minded financial institutions will want to take note.

This report examines year-to-date (YTD) consumer and small business depositor activity through the end of August 2025. It also explores the national wealth distribution landscape, identifying high-value opportunities that banks can target in a tight and competitive deposit market.

Executive Summary



Consumer and small business deposit balances are both outperforming YTD figures from the same point in 2024.



Financial institutions continue to prioritize liquidity and balance sheet flexibility while insulating themselves from rate-related risk factors.



With the current rate environment suppressing balance growth prospects, banks can look to affluent consumers and markets with larger numbers of wealthy households.

2025 has been a better year for consumer balance growth

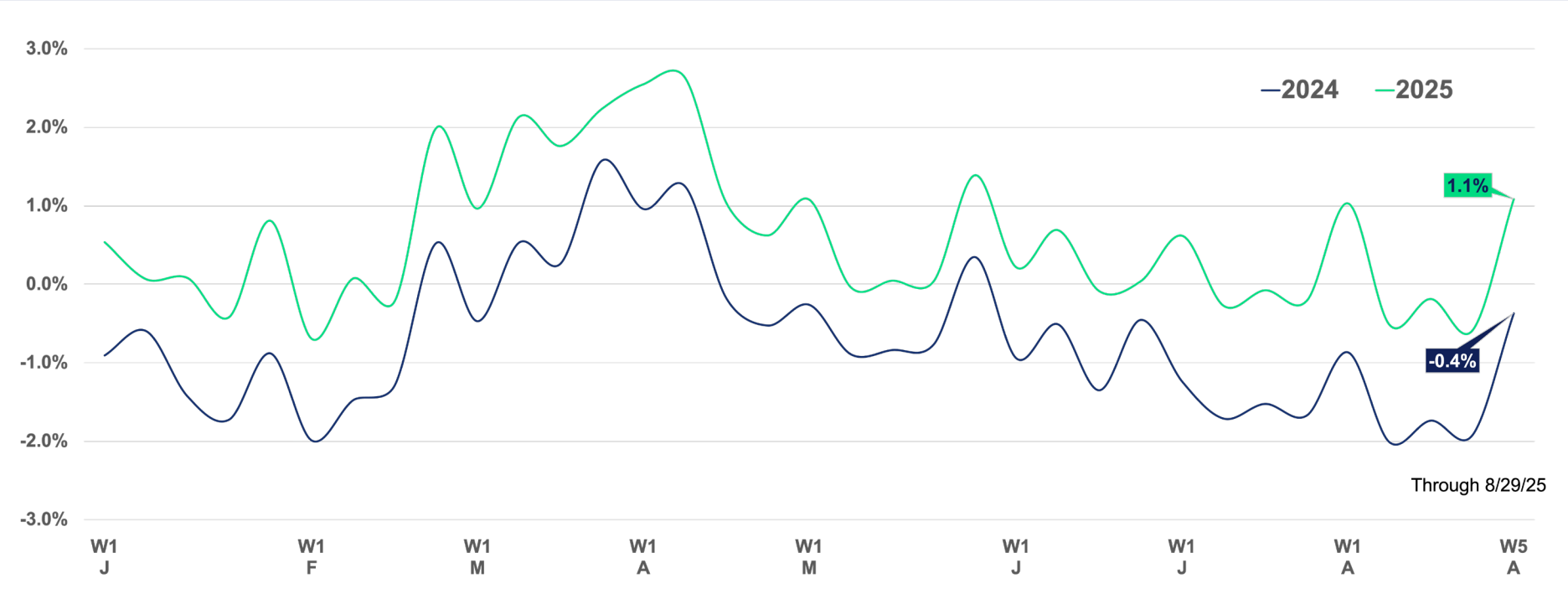
Cumulative consumer deposit balances have outpaced last year's growth rate for the entirety of 2025 thus far. The same trend extends to each of the checking, savings, and money market deposit account (MMDA) segments.

However, the current rate environment and uncertainty over the near-term direction of Federal Reserve monetary policy continue to limit overall growth potential. This is likely to persist as long as the Federal Reserve maintains rates above 2%.

Given these conditions, banks have sustained their efforts to guide consumers toward MMDA products with greater liquidity and less rate-related risk exposure. This has curtailed consumer certificate of deposit (CD) activity throughout 2025, driving it into negative territory.

Weekly Cumulative Total Deposit Balance Growth

Large and super-regional banks are the primary drivers of this year's positive trends



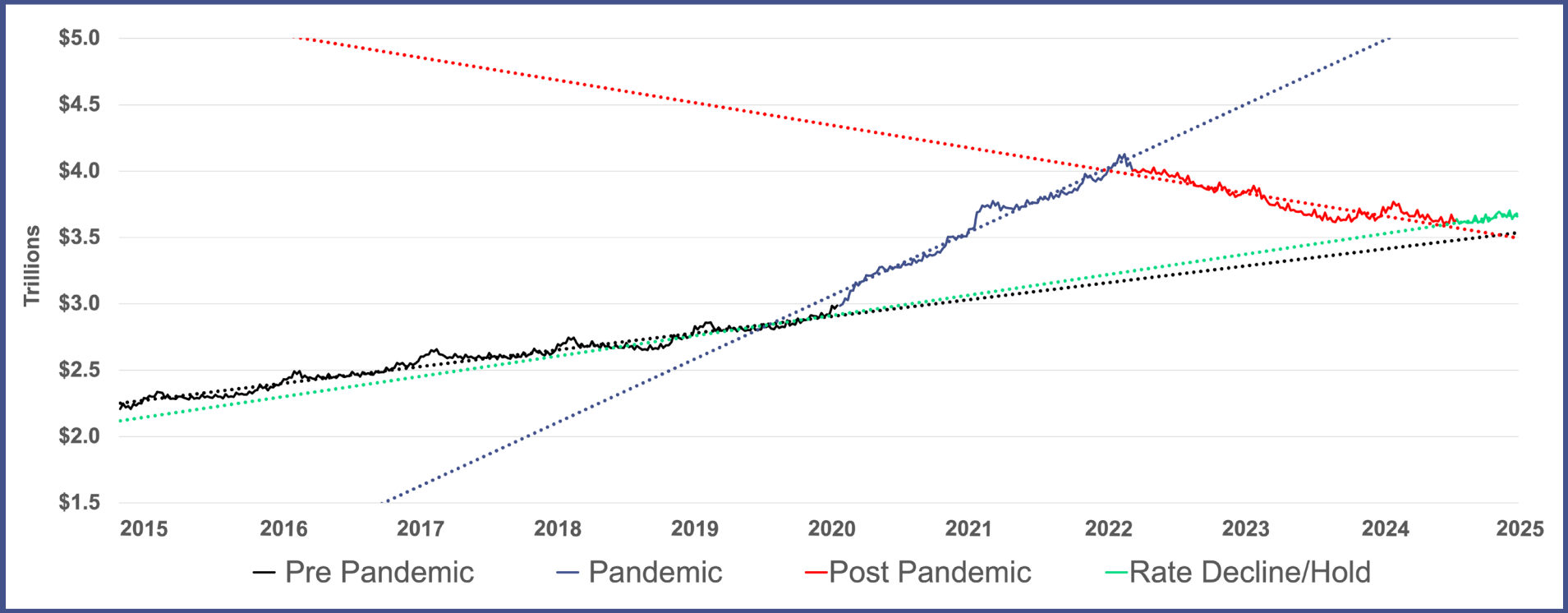
Tom Hoscheidt, managing director of research at ProSight Financial Association, primarily credits large and super-regional banks with driving this year's improved performance. "Large banks and super-regional banks are showing that stronger growth, at +1.2% each," he observes. "Regional banks are running slightly negative (-0.9%), and direct banks are running considerably lower (1.6%) than they were last year (5.3%)."

Hoscheidt believes this performance gap arises from regional and direct banks focusing more strongly on MMDA growth. "This trend has to do with CDs not maturing, and with a push away from CDs into money market," he says.

Overall savings and MMDA balance growth is currently at +0.8% YTD, up from -1.2% at this time last year. Meanwhile, CD growth has plummeted from +13.1% at this point in 2024 to a slight YTD contraction of -0.1%.

Long Term Total Deposit Balance Trends

Consumer deposit balances have responded to recent changes in the rate environment



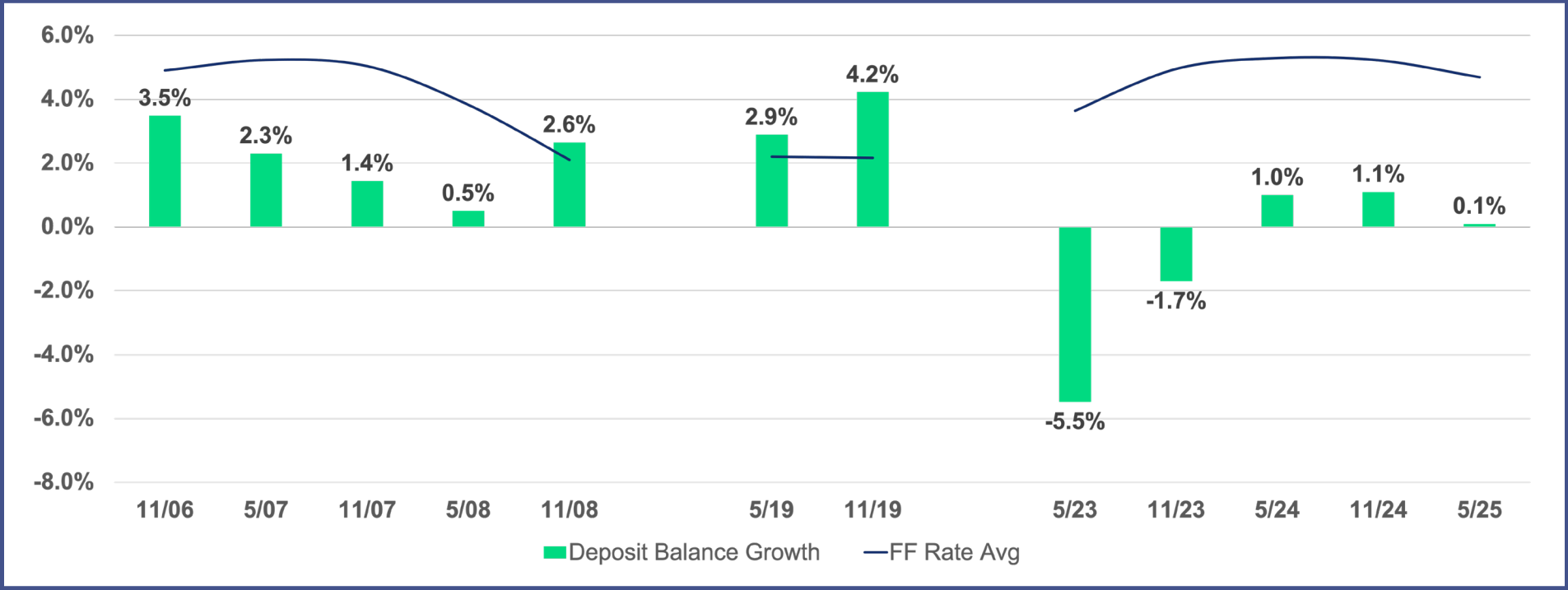
Consumer balances rose rapidly during the pandemic, but a major drawdown followed as the economy reopened and inflation rates soared. However, consumer deposit growth has since improved in response to changing macroeconomic conditions.

Commenting on recent trends, Hoscheidt notes a direct relationship between declining interest rates and rising consumer balances. “When the Fed dropped rates in 2024, we did see an uptick in overall deposit growth,” he says. “That trend is continuing, but it remains to be seen whether that trendline will become more steeply sloped than what we’ve seen historically.”

“It is not unusual that we have low deposit growth when Fed Funds rates are above 2%,” Hoscheidt observes. “Generally, we find that when we’re over 2%, there are other alternatives out there for the consumer. That makes it tougher for traditional and direct banks to grow their deposit balances.”

Deposit Balance Growth When FF Rates >2%

Current activity aligns with historical trends, giving banks a strategic blueprint to follow

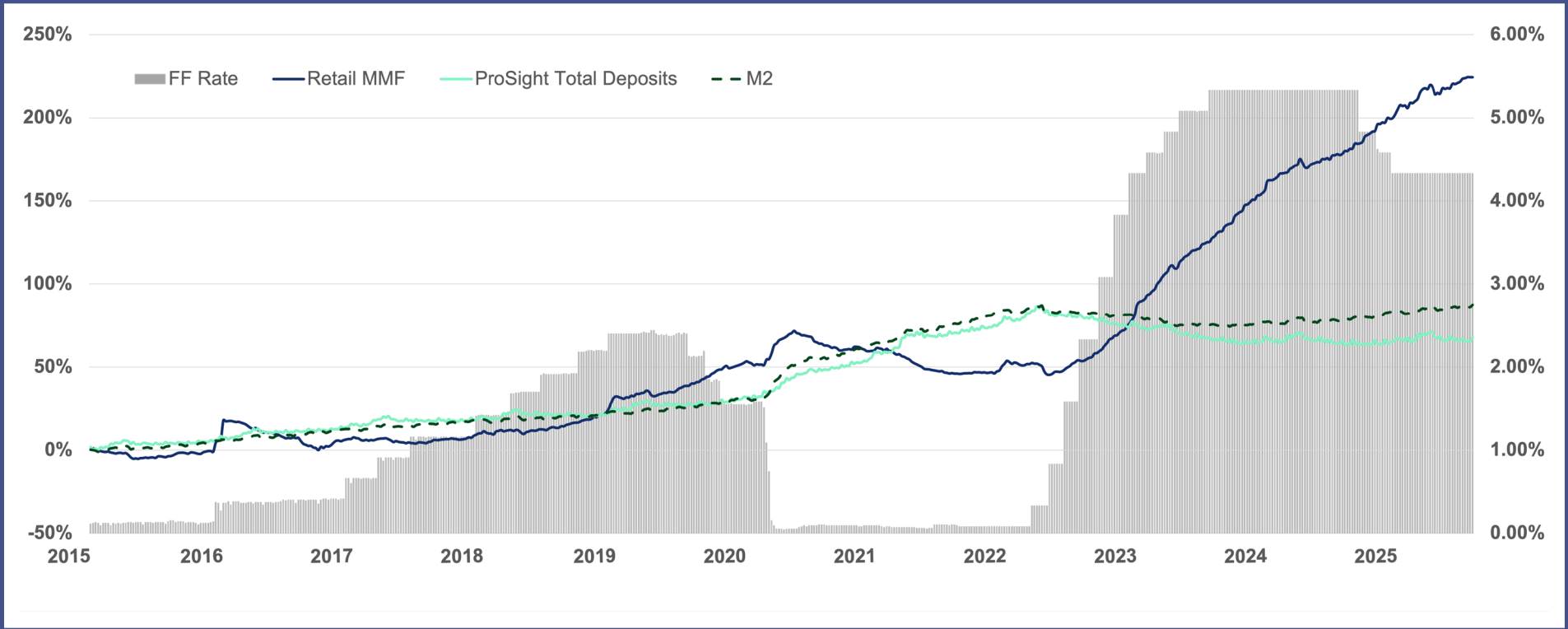


When interest rates exceed that critical threshold, annualized deposit balance growth tends to fall below 2%. This tendency is evident in the cumulative consumer balance growth data covering the most recent rising-rate cycle, which has ranged from an annualized low of -5.5% (May 2023) to a modest +1.1% (November 2024). The most recent available data dates to May 2025, when the annualized balance growth rate reached 0.1%.

Hoscheidt traces recent trends to the cycle of aggressive rate hikes that began in 2022 and persisted through much of 2023. Total deposit balance growth has lagged since rates began rising, following a downward to flat trend while retail money market fund (MMF) deposits have soared.

“Consumers have more options when Fed Funds rates are higher,” Hoscheidt notes. “That suppresses overall deposit balance growth.”

Trends In Consumer Deposits, Mmf, M2



Consumer deposit market projections for 2025 and 2026

"Where we think we're going to be at the end of this year really depends on what happens with the Federal Reserve and how many rate reductions we have," Hoscheidt says. Balance growth will likely be slower if rates hold at current levels, but may accelerate if and when rates come down.

ProSight currently forecasts the following year-end consumer balance growth projections for various rate scenarios:

	Fed Funds Rate Range	Year-End Balance Growth
2025	4.25% to 4.50% (current)	+1.0% to +1.5%
	4.00% to 4.25% (one 0.25% cut)	+1.5% to +2.0%
	3.75% to 4.00% (two 0.25% cuts)	+2.0% to +2.5%
2026	3.50% to 3.75% (three 0.25% cuts)	+2.5% to +3.0%
	3.25% to 3.50% (four 0.25% cuts)	+3.0% to +3.5%

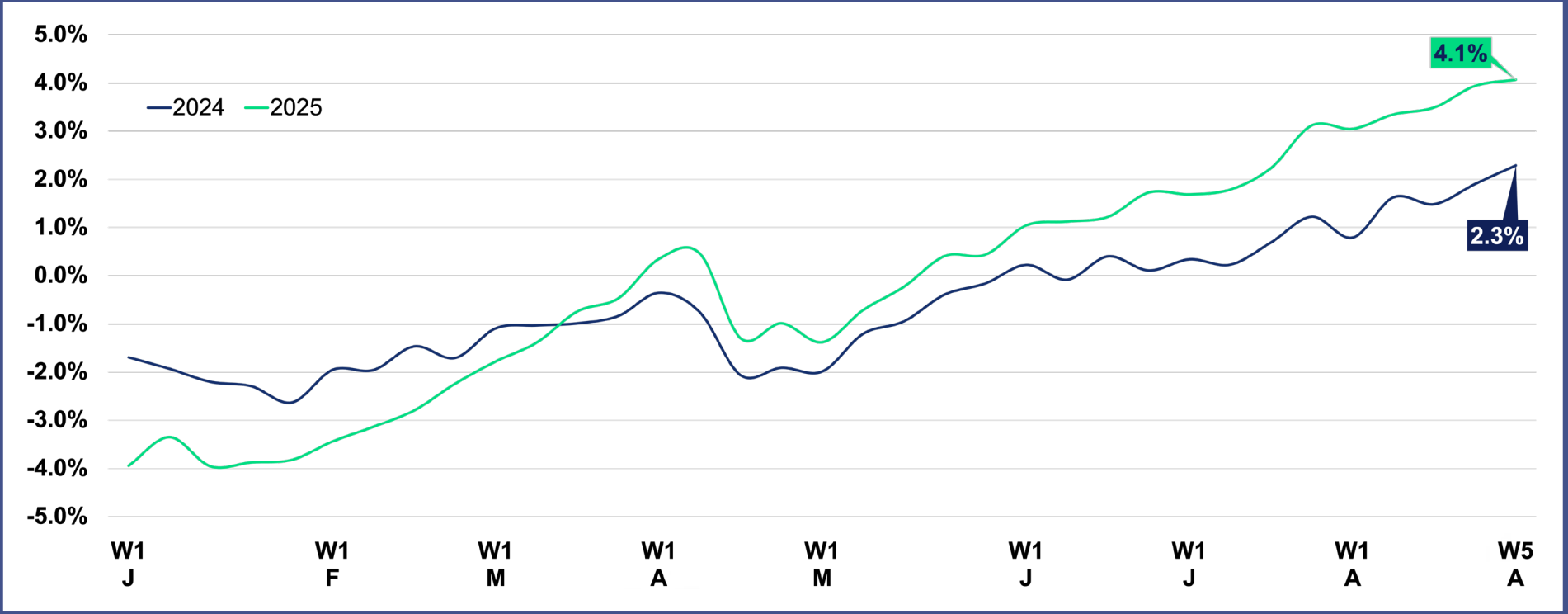
2025 has also been better for small business deposit balance growth

YTD small business balance trends also mark an improvement over last year, but elevated interest rates continue to impact depositor activity. Much of this year's small business deposit balance growth has been concentrated in liquid, readily accessible checking accounts, with non-checking products lagging behind YTD performance from this point in 2024.

"We think that small business owners are using more deposits to fund their operations rather than take out loans when rates are elevated," Hoscheidt explains. Current small business depositor activity is also consistent with long-term historical trends: as with consumer balances, small business balance growth tends to stagnate when Federal Reserve interest rates exceed 2%.

Business - Weekly Cumulative Total Deposit Balance Growth

Cumulative small business balance growth has picked up after a slow start



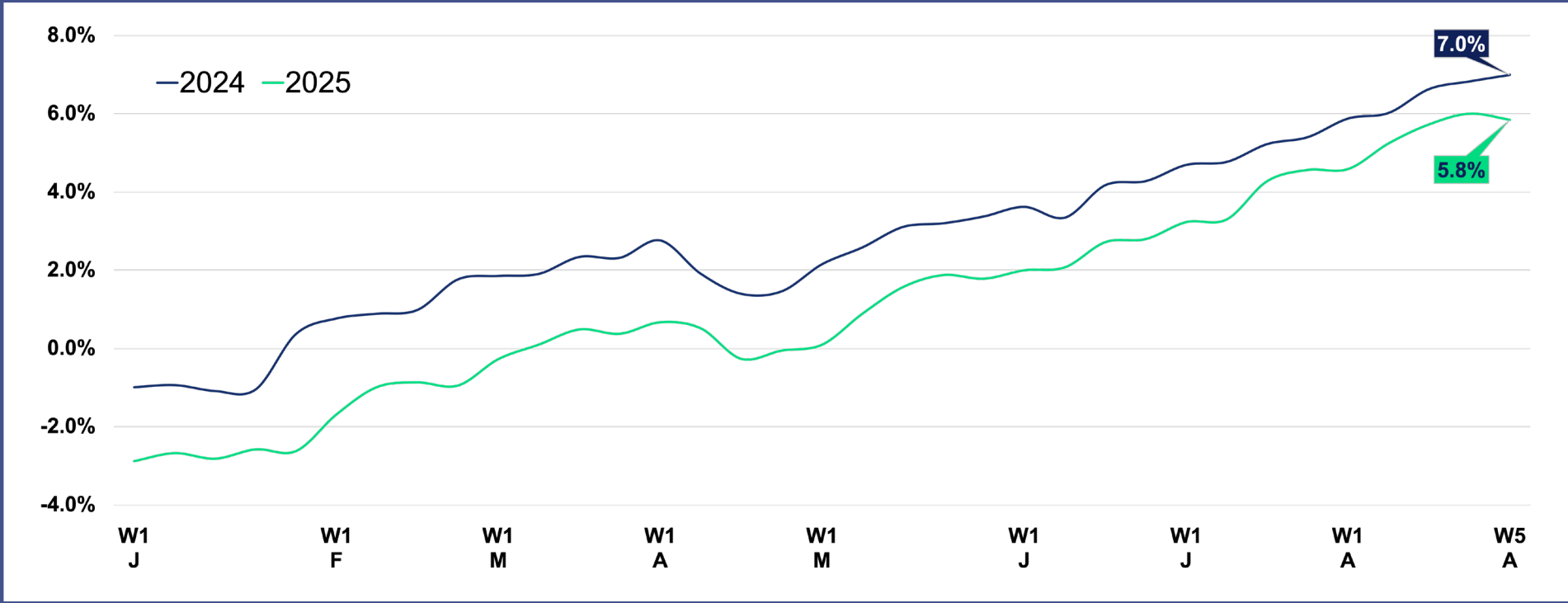
YTD cumulative small business deposit balance growth reached +4.1% in the final week of August, overcoming a slow start to the year to outpace the +2.3% growth achieved at this point last year. “That’s fueled by what’s happening in checking,” Hoscheidt explains. “This year checking is at +3.7%, compared to last year’s +1.3%.”

MMDA and CD growth have also been strong on the small business side, with YTD figures reaching +6.2% and +10.6%, respectively. However, Hoscheidt notes that small business CD deposits have built off a relatively small base. “Banks typically price consumer and small business CDs similarly. With a smaller base, it does not take much to show higher levels of growth.”

While small business CD deposit growth remains healthy for the year, the +10.6% growth rate is significantly lower than the +37.0% YTD figure seen at this point in 2024.

Business - Weekly Cumulative Non-Checking Deposit Balance Growth

Small business checking balance growth is outperforming last year, but non-checking isn’t



The relative strength of this year's small business checking balance growth becomes especially apparent when comparing it against the growth rate seen across all non-checking products. At this point in 2024, non-checking small business balances had posted +7.0% YTD growth. This year, that figure has slipped to +5.8% — largely because of this year's lower rate of small business CD growth.

Even so, Hoscheidt characterizes this year's non-checking trends as encouraging on the whole. "We're pretty strong on both sides with respect to checking and non-checking balances," he says.

Small business deposit market projections for 2025 and 2026

"Going into next year, we're likely to go into positive territory only if four or more rate cuts come down between now and the end of 2026," Hoscheidt says. In that context, ProSight currently forecasts the following rate-dependent cumulative small business balance growth projections for 2025 and 2026:

	Fed Funds Rate Range	Year-End Balance Growth
2025	4.25% to 4.50% (current)	-3% to -4%
	4.00% to 4.25% (one 0.25% cut)	-2% to -3%
	3.75% to 4.00% (two 0.25% cuts)	-1% to -2%
2026	3.50% to 3.75% (three 0.25% cuts)	-1% to 0%
	3.25% to 3.50% (four 0.25% cuts)	0% to +1%

Assessing the U.S. consumer wealth landscape

In addition to monitoring the macroeconomic environment and deposit market trends, financial institutions can inform their strategic planning by analyzing the changing U.S. wealth landscape.

The data presented below was compiled by the IXI Network, an Equifax company, and reported by IXI's chief strategy officer, Ian Wright. In discussing IXI's findings, Wright refers to three specific consumer depositor profiles:

$

Mass-Market Depositors
with **less than $100,000**
in investable assets

$$

Mass-Affluent Depositors
with **$100,000 to $1 million**
in investable assets

$$$

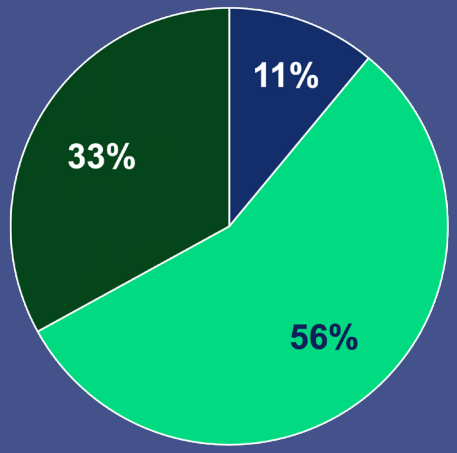
Affluent Depositors
with **$1 million or more**
in investable assets

Overall Wealth by Wealth Tier

Affluent households dominate wealth accumulation, making the demographic strategically vital

Percent of U.S. households

132M households total



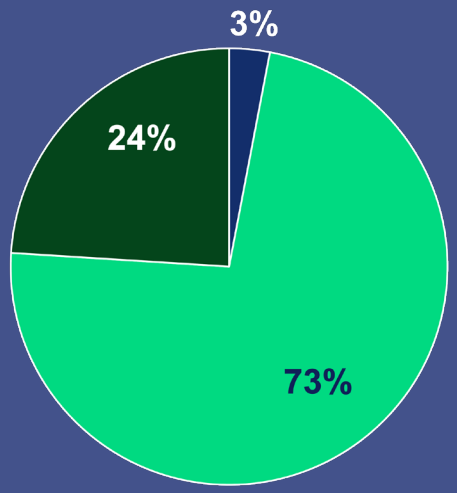
Affluents represent

11%

of U.S. households

Percent of U.S. investable assets

$65 trillion total



Affluents hold

73%

of the nation's assets

Mass Market
<$100k

Mass Affluent
$100k - $1M

Affluent
<$1M

Based on Equifax IXI Network data

Of the 132 million households covered in IXI's analysis, only about 14 million fall into the affluent category. However, these households combine to hold $48 trillion in investable assets — more than 26 times the total wealth controlled by the 75 million households in the mass-market segment.

A broader analysis also reveals that affluent and mass-affluent households combine to control 97% of all investable wealth in the United States. "If there is one segment that you absolutely want to have at least some success in, it's that affluent segment because they're so dominant in the market today."

Cities With The Largest Growth In $100k+ Deposit Households

Market-based growth strategies to consider

Largest city markets, $100K+ households

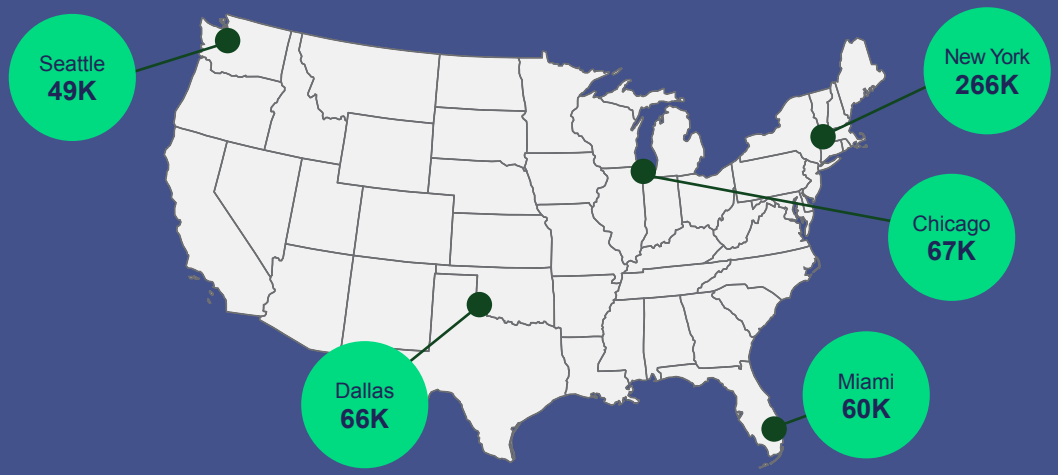
Top 5: Cities with most $100K deposit households

City	Households
New York	2.9M
Los Angeles	1.5M
Chicago	1.1M
Washington, DC	0.9M
San Francisco	0.9M

Based on Equifax IXI Network data

Top 5: Cities with biggest increase in $100K deposit households

Increase in number of households between June 2021 and June 2024



Financial institutions with national or wider regional operations can consider targeting markets with rising levels of wealth. These include New York, Chicago, Dallas, Miami, and Seattle: from June 2021 to June 2024, the number of mass-affluent and affluent consumers in these areas grew by a combined total of 508,000 households.

“Some of these cities — Seattle, Dallas, and Miami — are also experiencing population growth, which is probably also contributing to that wealth growth,” Wright notes. “Nonetheless, these markets are moving higher up in the wealth spectrum and present a great opportunity to capture deposits.”

Wright also identifies the “young affluent” consumer segment as a prime target for strategic growth efforts. The young-affluent market consists of consumers aged 29 or younger with $1 million or more in investable assets. “As these consumers become loyal to you over time, they can be a customer for 50 or 60 years with a very high lifetime value,” Wright says.

Where Is There Growth Opportunity?

Top 5: States with most Young Affluent

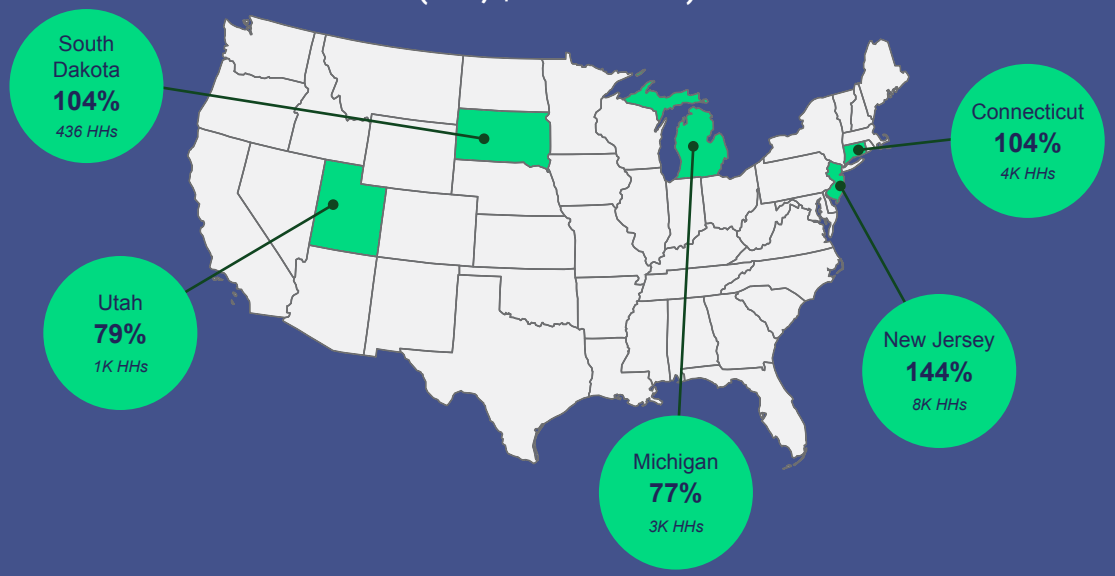
(<29, $1M+ Assets)

State	Households
California	50K
New York	36K
Texas	31K
Florida	27K
Illinois	17K

Based on Equifax IXI Network data

Top 5: States with biggest percentage increase in Young Affluent

(<29, $1M+ Assets)



Percentage increase in households between June 2021 and June 2024. Number of households listed is 2024 state total.

California, New York, Texas, Florida, and Illinois are the five leading destinations for young-affluent consumers. However, Wright believes that banks can and should also target areas with both a strong presence of young-affluent consumers and high growth rates within the segment.

“The most attractive market for where these households are growing is probably New Jersey,” Wright says. “You’ve got a nice growth rate, and you’ve also got a healthy amount with 8,000 of these households.” Connecticut has a similar profile, posting a 104% increase in young-affluent consumers from June 2021 to June 2024 to create a strong base of approximately 4,000 households.

To access a deeper, more detailed breakdown of U.S. wealth distribution trends and their associated consumer behaviors, access the 2025 edition of IXI Network’s Wealth Trends Report.

ProSight

Stay informed about deposit market trends with ProSight Financial Association

Amid a fluid interest rate situation and dramatic shifts in the U.S. consumer wealth landscape, banks need reliable and objective insights to inform their market positioning and customer acquisition strategies. ProSight's deep, data-rich market analyses equip financial institutions with the information they need to navigate a rapidly changing landscape with both confidence and precision.

In December 2025, ProSight will release its comprehensive review of consumer and small business deposit market trends along with year-end results. Register now using this link:

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