


Presentation materials and video replay will be provided within one week.

Have questions? Use the chat panel  – we'll field them as we go and during the Q&A recap at the end of the call.



# The Latest on New Household Acquisition

October 13, 2016



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30 years experience, including senior executive at financial institutions in New York, California and Massachusetts

# Topics We'll Cover

- Market snapshot
- Consumer decision process and pricing
- Relationship strategies and product innovations
- Key takeaways

# Market Snapshot > > >

# Profit

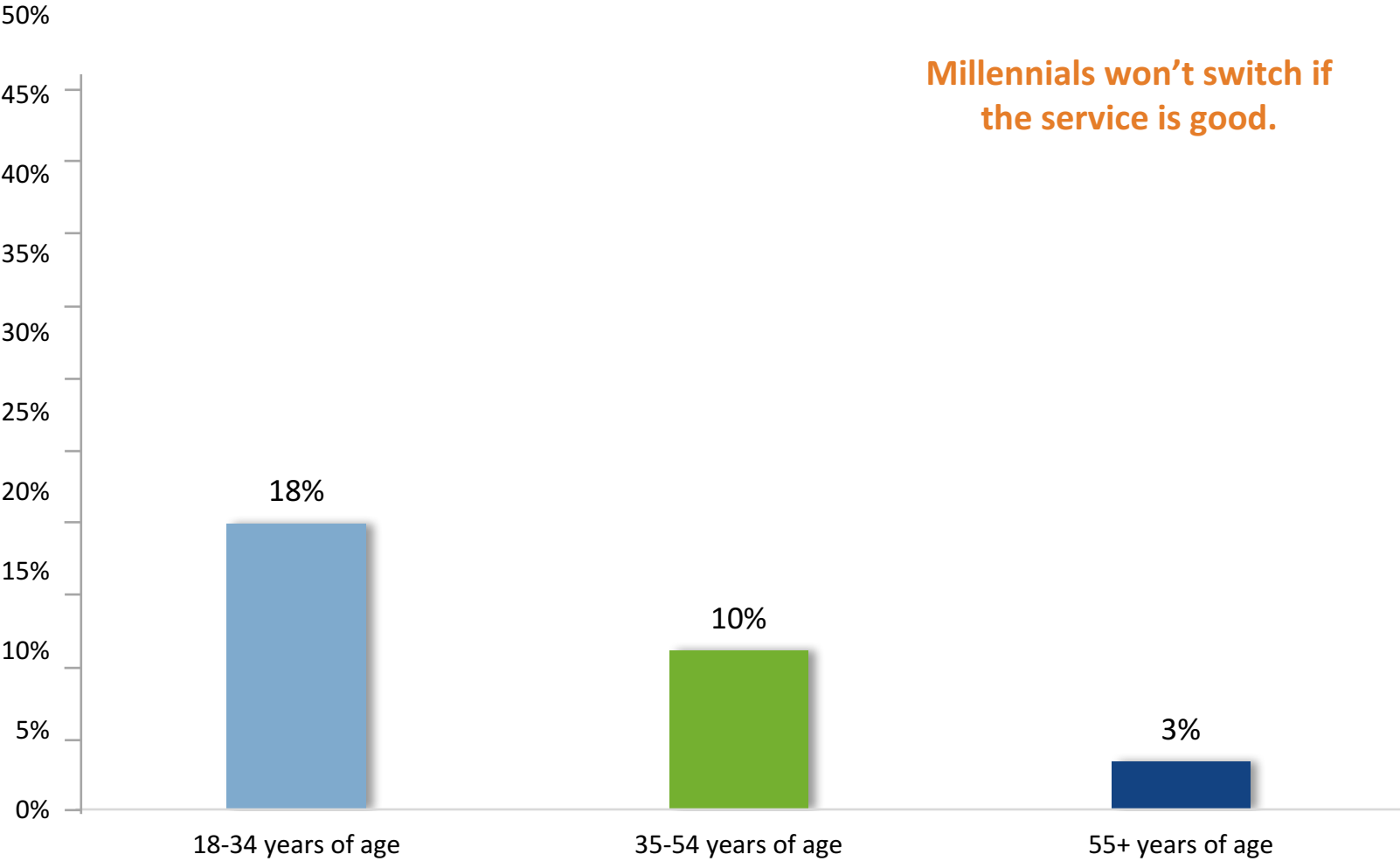
## Historical Net Interest Margins



## What Impacts Net Interest Margin?

- Short-Term interest rates
- Geography
  - Less competitive areas means a financial institution may offer low deposit rates and charge high loan rates
- Accountholder growth
  - Deeper relationships
- Loan demand
  - Strong loan demand can improve NIMs due to Loan Yields

# Who Is Switching Their Primary Financial Institution?



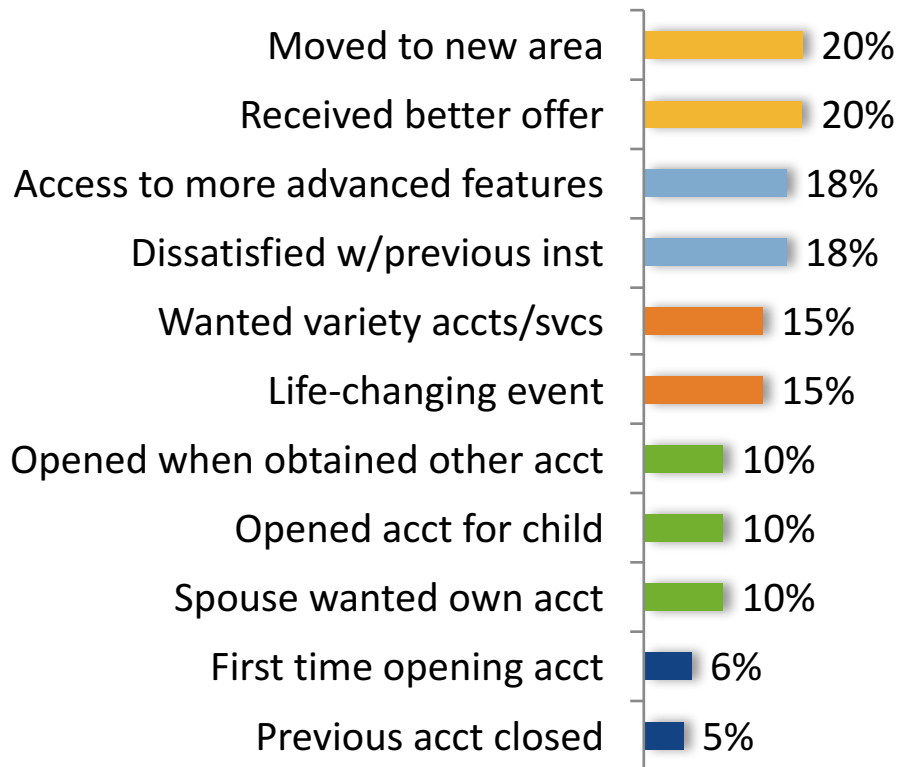
# Checking Drives Revenue

Benchmark	Performance
Percentage of profitable accounts	65%
Percentage of unprofitable accounts	35%
Average checking account balance	\$6,367
Average deposit balance per checking account holder	\$10,081
Average loan balance per checking account holder	\$9,563
Annual checking account service charges	\$8.92
Annual NSF fees	\$81
Annual miscellaneous fees	\$7.26
Average estimated debit card interchange income	\$50
Average monthly debit card swipes	12
Single product households	32%
Average age of checking account holder	51
Percent of checking account holders over age 50	51%



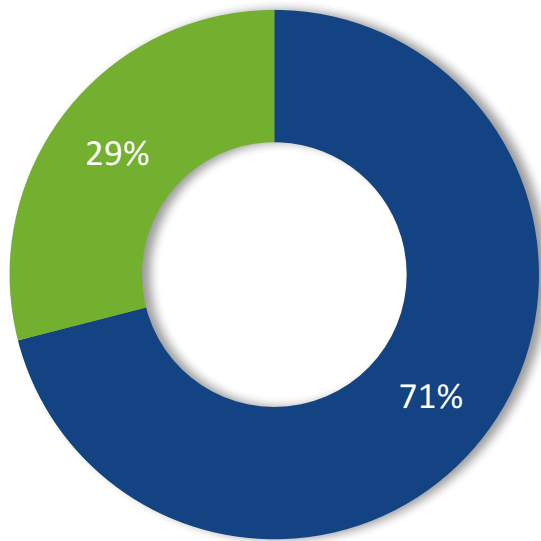
# Why the Need for a New Checking Account?

## Reasons for Opening a New Checking Account at Time of Most Recent Opening



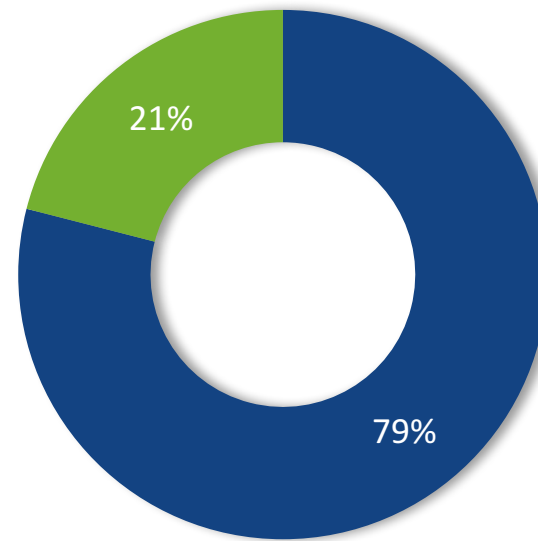
# How Do Consumers Characterize the Relationship With Their Financial Institution?

2014



■ Transactional ■ Advice Driven

2015

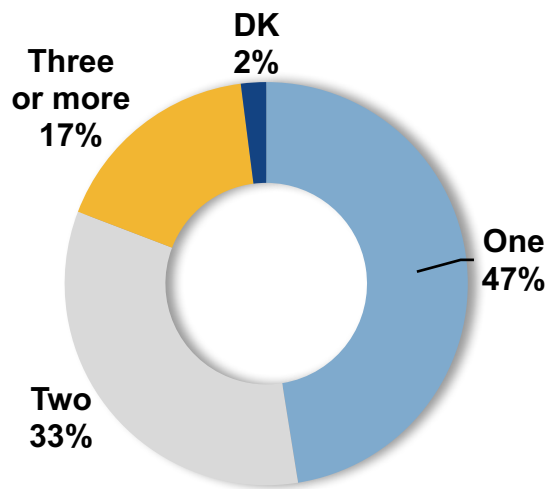


■ Transactional ■ Advice Driven

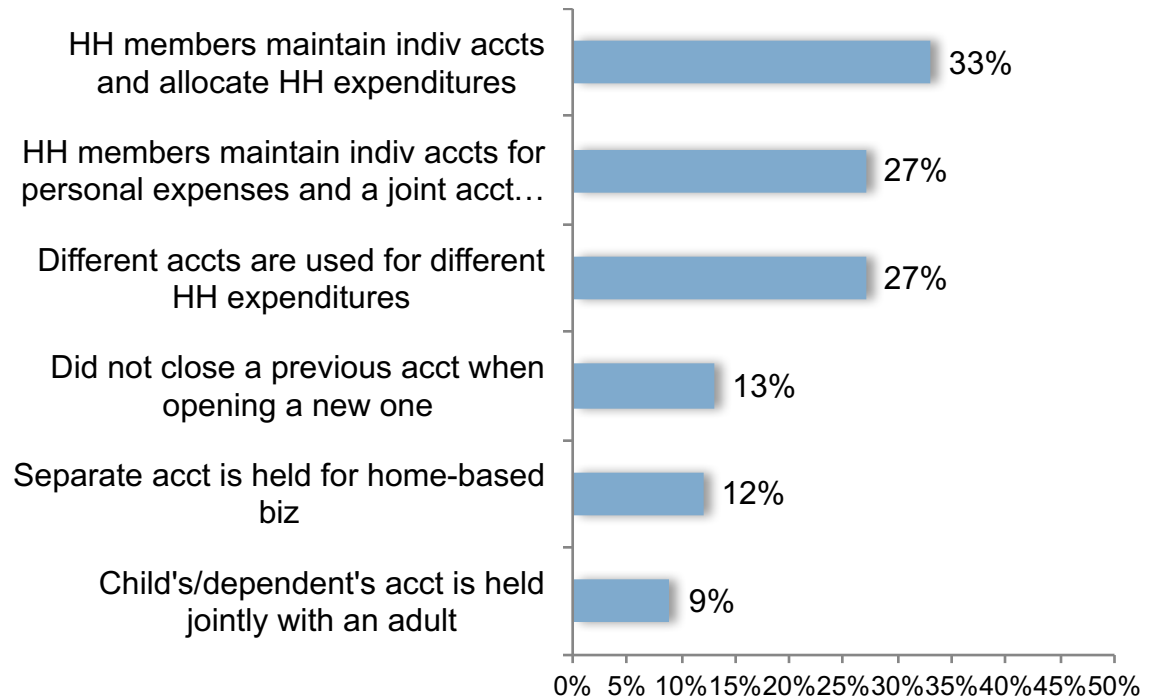
**Consumers are buying low-margin products from their primary financial institutions and shopping around for high-margin products.**

# Multiple Checking Accounts — How Many and Why

## Number of Checking Accounts Held by Households

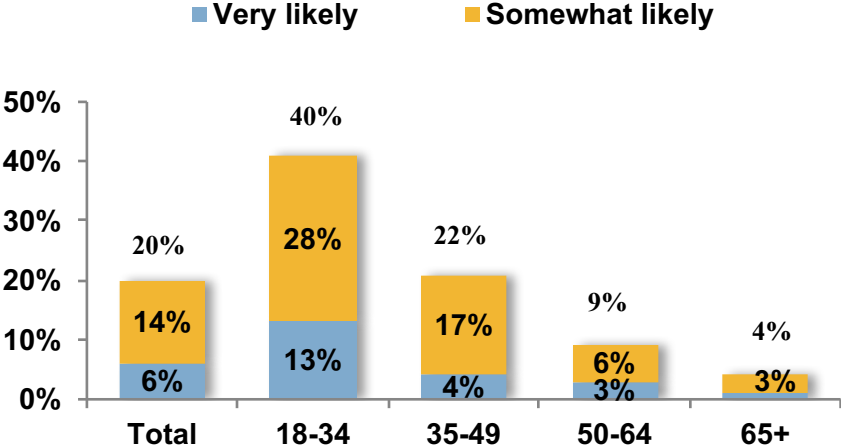


## Reasons for Having Multiple Checking Accounts

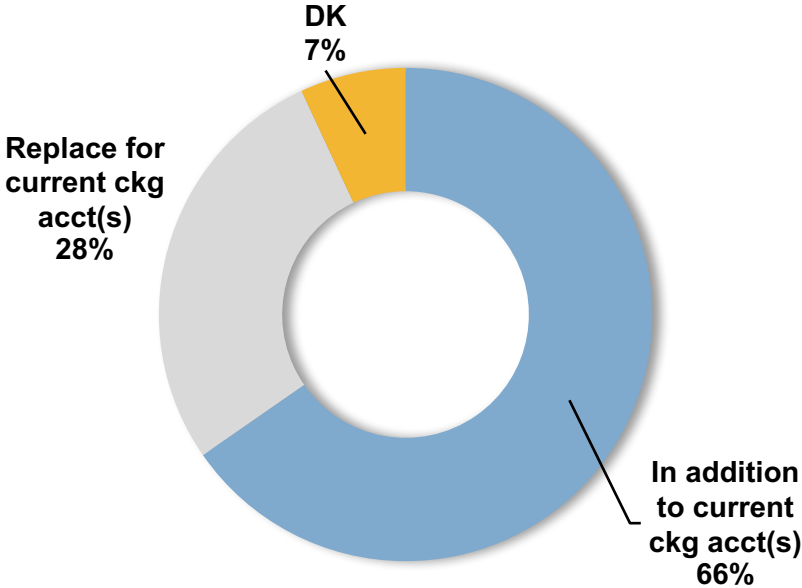


# An Opportunity to Expand the Relationship

**Intent to Obtain Another Checking Account in the Next Year (by Age)**



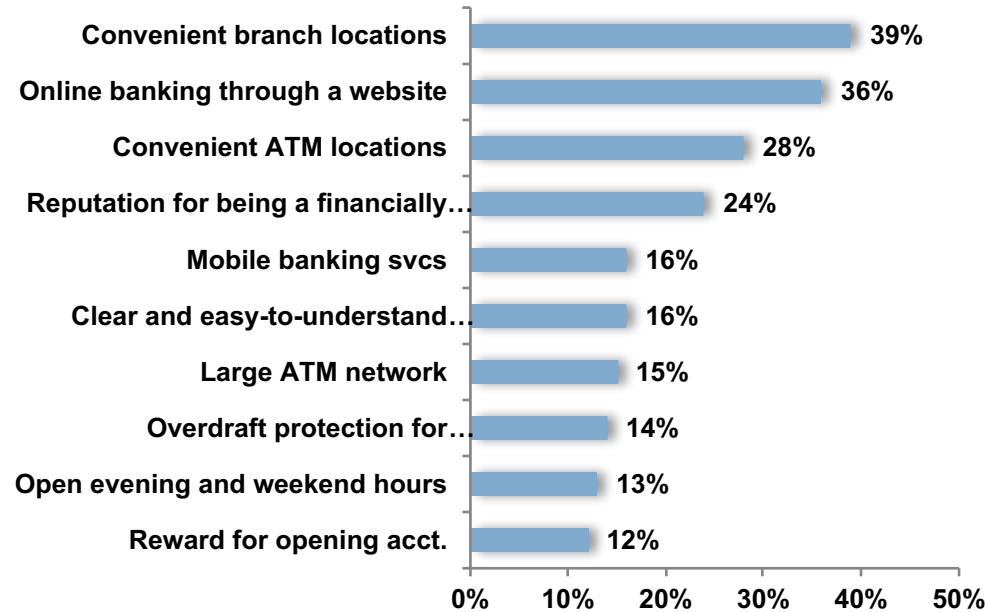
**Position of New Checking Accounts**



# Consumer Decision Process and Pricing > > >

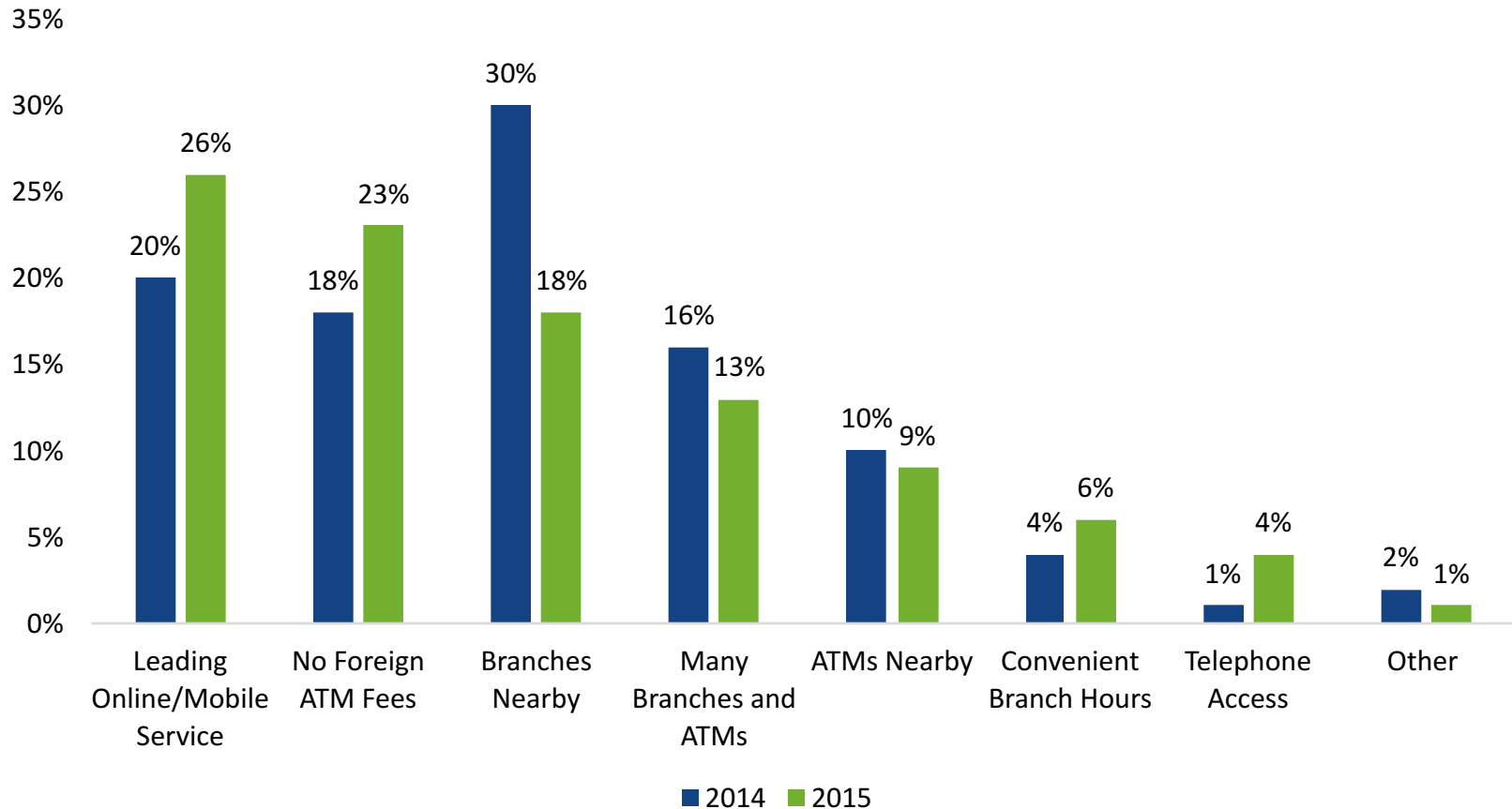
# Deciding to Switch: Convenience Is Key

**“This is why I went to the financial institution to open a checking account ...”**



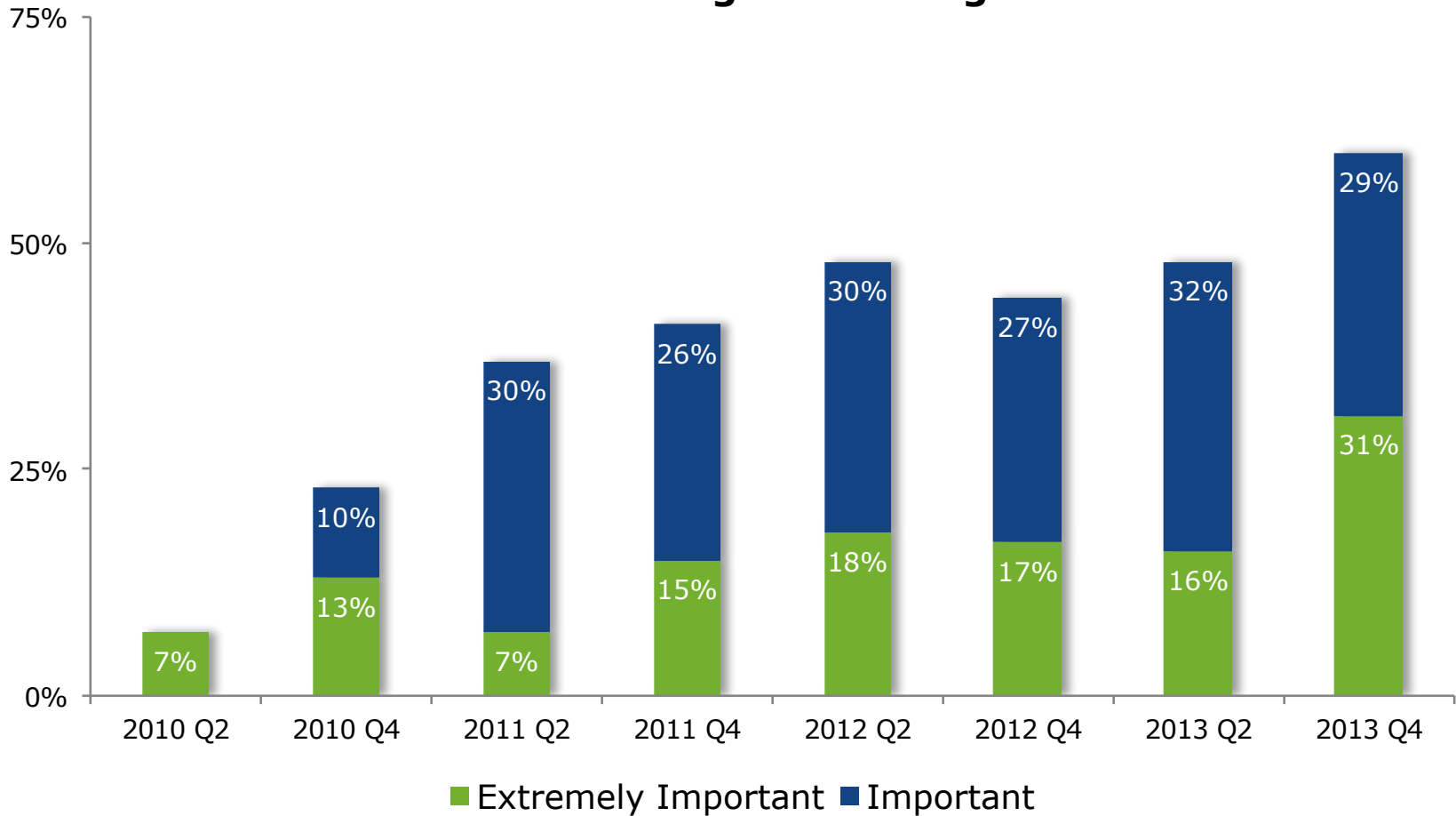
# Deciding to Switch: Convenience Redefined

## What Makes My Financial Institution Convenient?



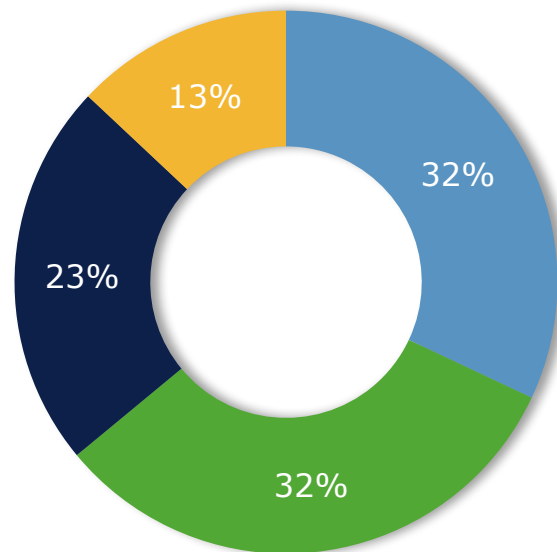
# Mobile Banking Has Become Increasingly Important

## Role of Mobile Banking in Deciding to Switch





## What Was Your Mindset Prior to Switching Checking Account Providers?

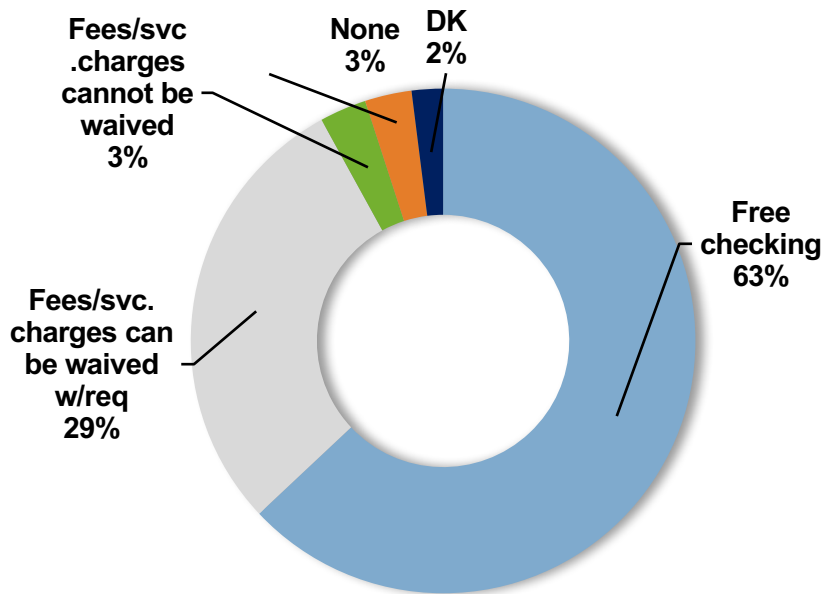


- Knew exactly which FI
- Had a few Fis in mind

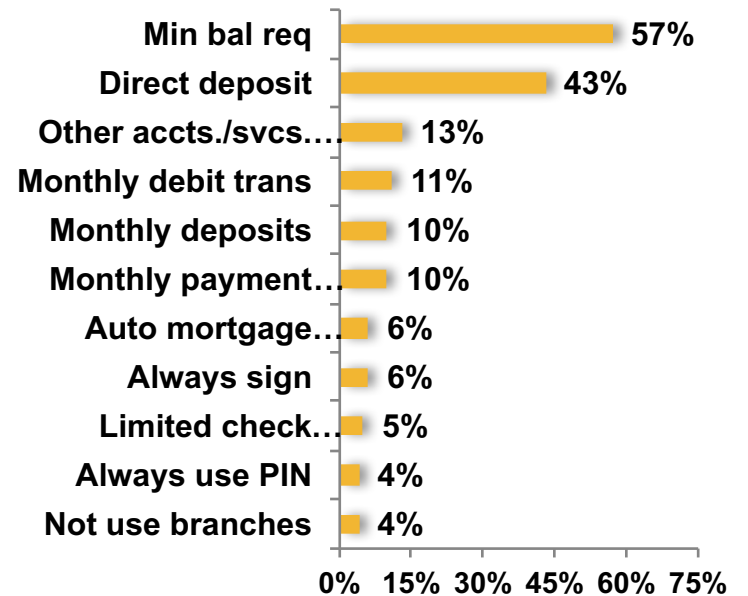
- Had one FI in mind
- Wasn't sure which FI

# Free Checking?

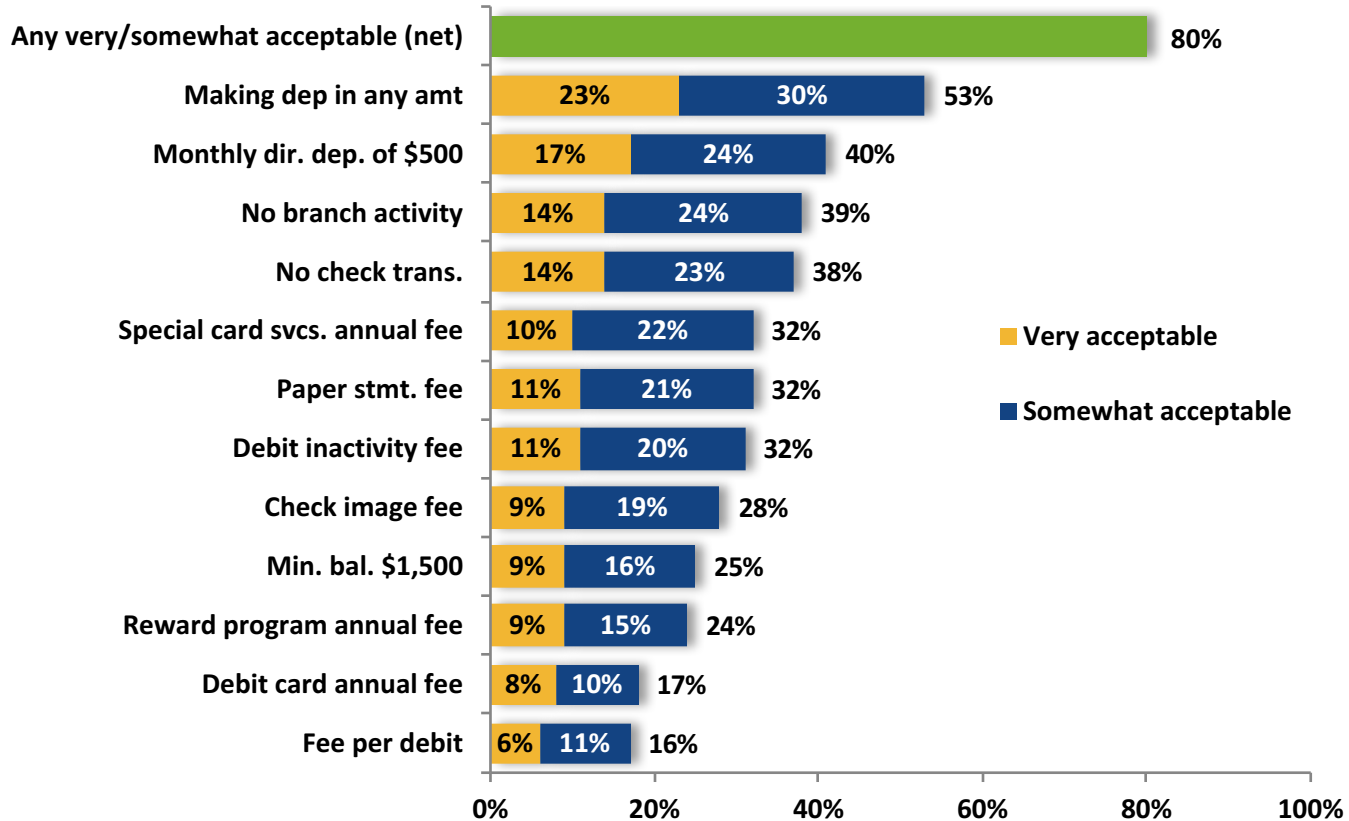
## Pricing on Main Checking Account



## Requirements to Avoid Monthly Service Charges or Fees



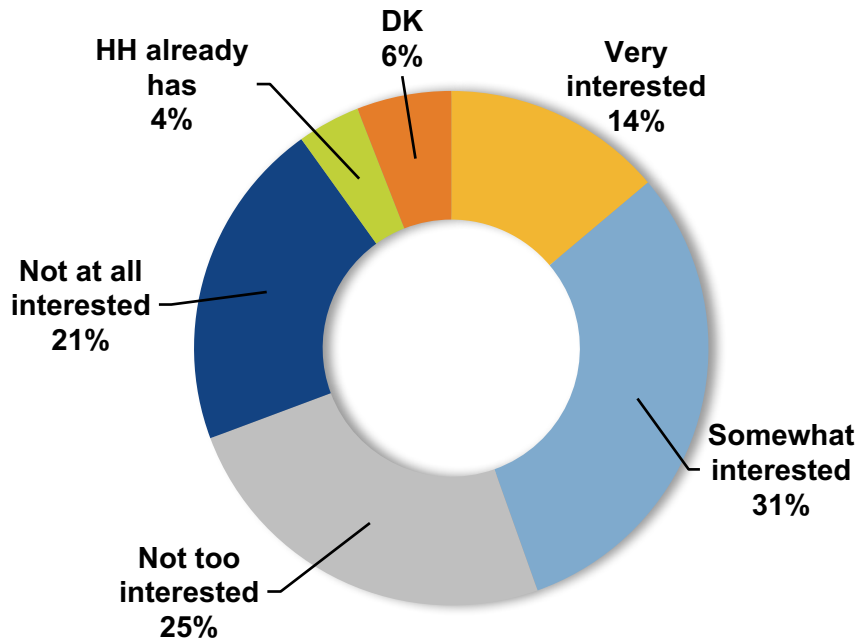
# Let's Talk Fees — How Acceptable Are They?



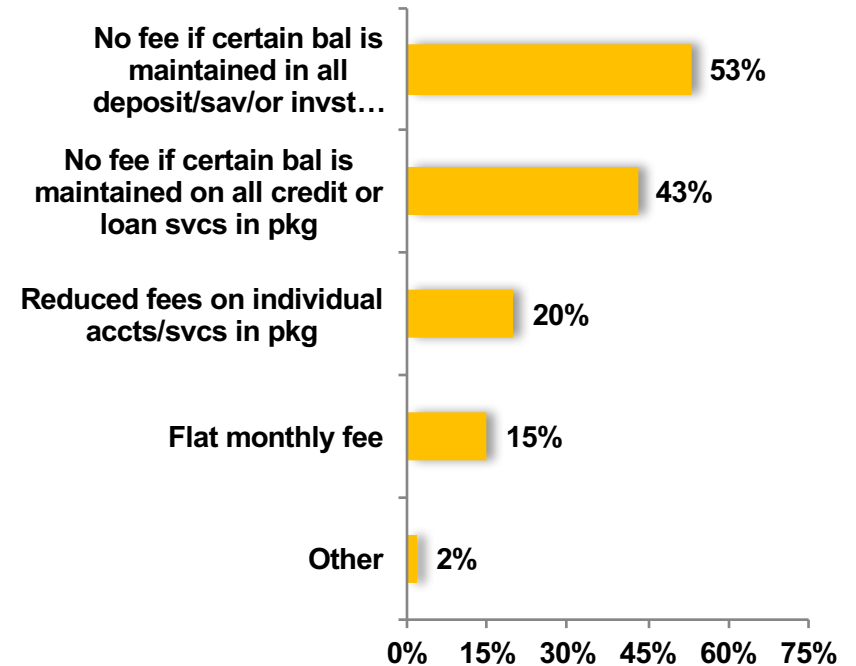
# Relationship Strategies > > >

# Maximize Cross-selling Opportunities

## Financial Packages – Usage and Potential

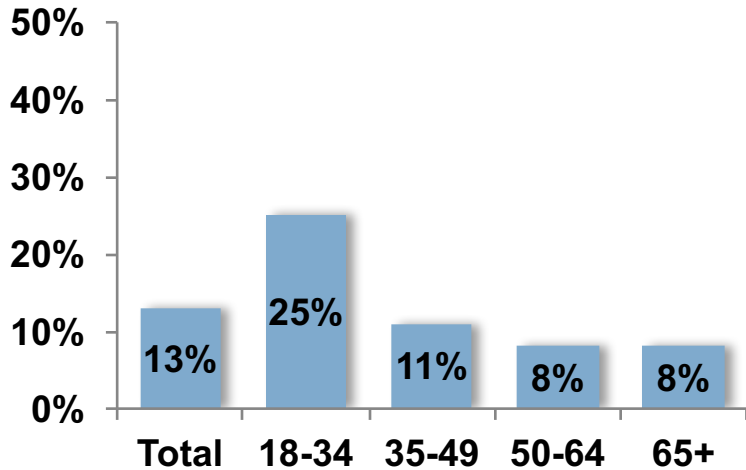


## Acceptable Pricing Arrangement for Package

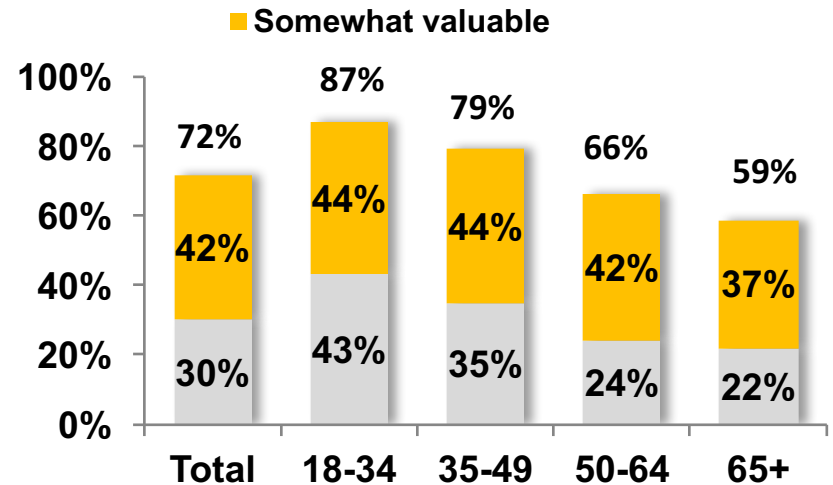


# Consider the Economics of Rewards Programs

## Participation in Relationship Rewards Programs (by Age)



## Value of Relationship Rewards Among Non-users (by Age)



# Key Takeaways > > >

# Key Takeaways

- Opportunities to acquire multiple checking accounts are strong
- There is high satisfaction with accounts overall and specific features
- Consider a multichannel approach for marketing checking accounts, using the branch as focal point
- Onboarding, packaging, and cross-selling are key relationship strategies
- Relationship rewards have a positive effect on relationships



# Q&A

Type your question in the chat panel 

**Stephen Nikitas**

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**Thank You!**

