


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

March 22, 2017



**Stephen Nikitas**  
Senior Strategy Director

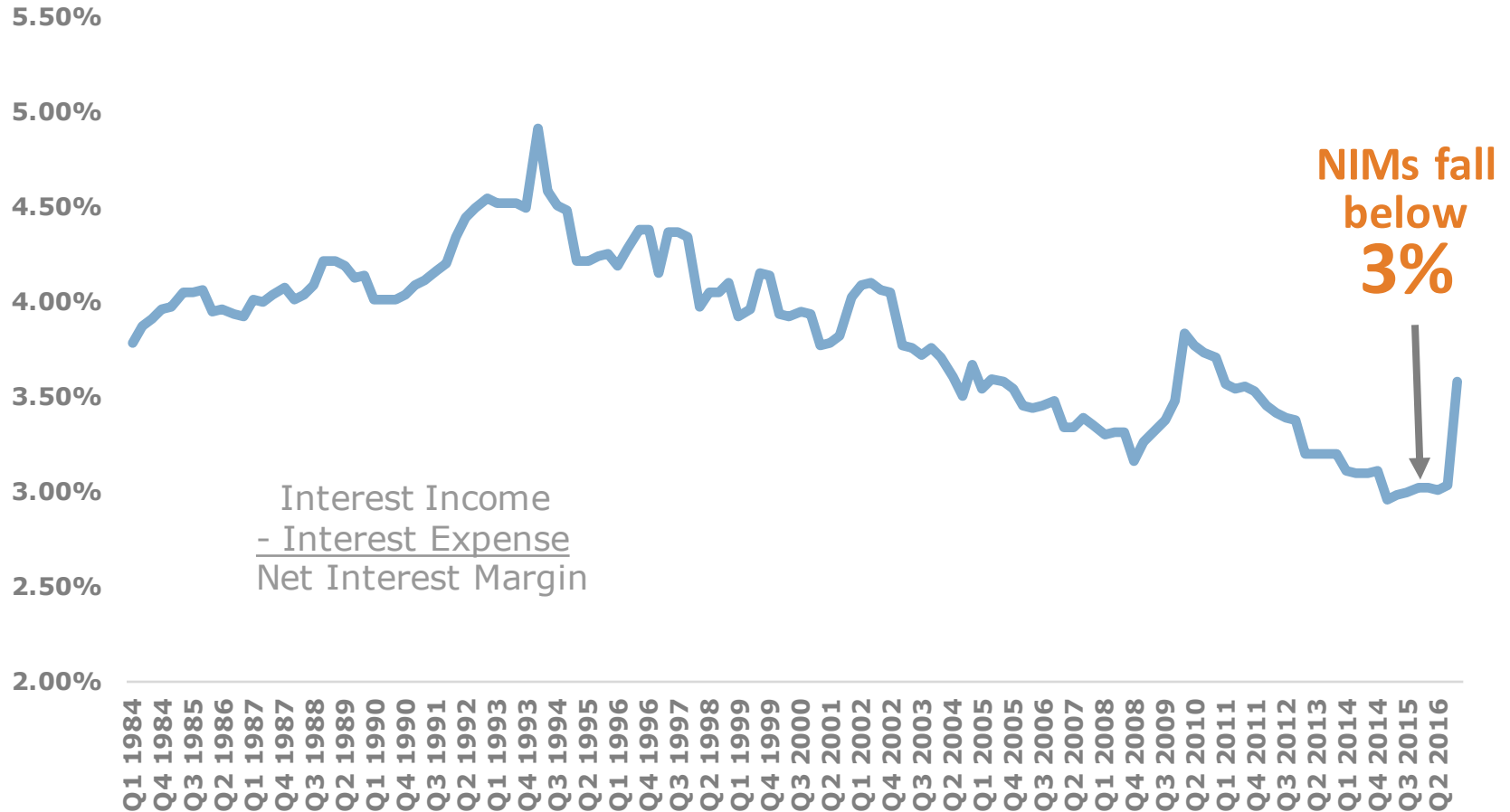
30 years experience, including senior executive at financial institutions in New York, California and Massachusetts

# Topics We'll Cover

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

Market Snapshot > > >

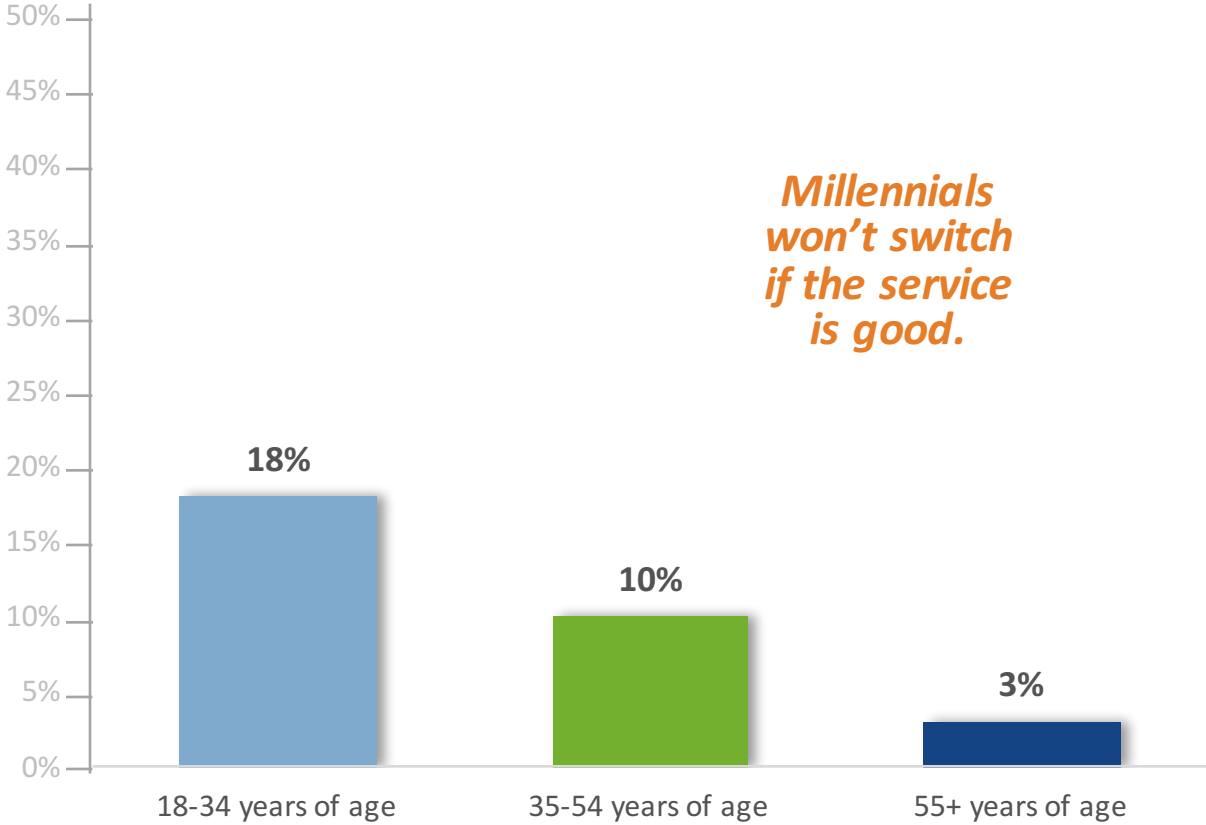
## Historical Net Interest Margins



## 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
- Account holder growth
  - Deeper relationships
- Loan demand
  - Strong loan demand can improve NIMs due to loan yields

# Who Is Switching Their Primary Financial Institution?



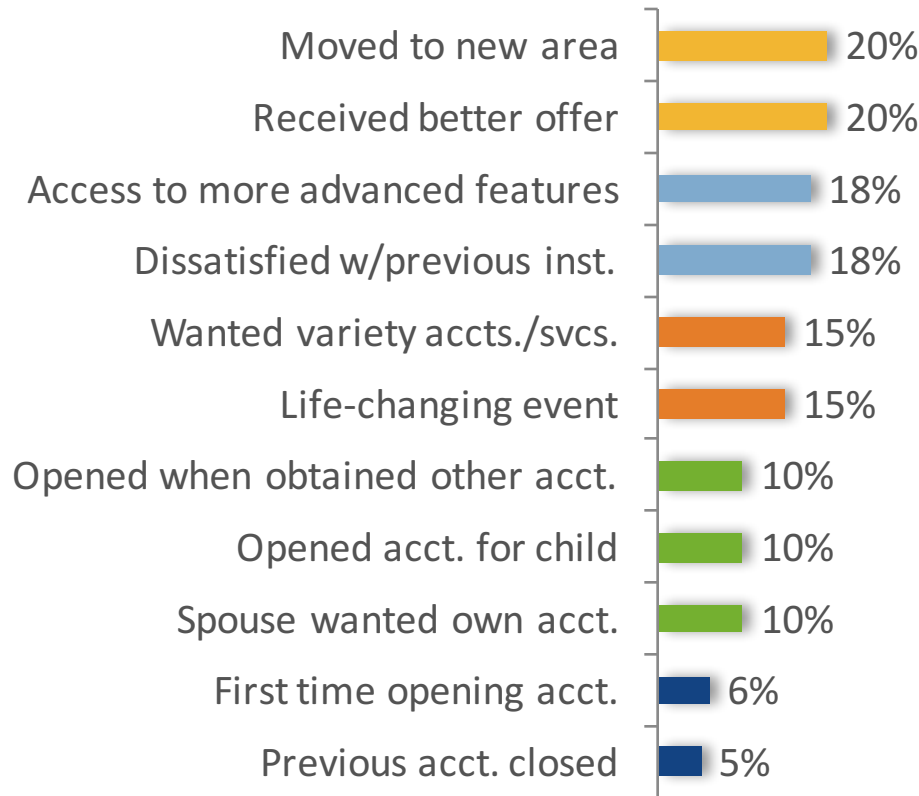
# Checking Drives Revenue

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%

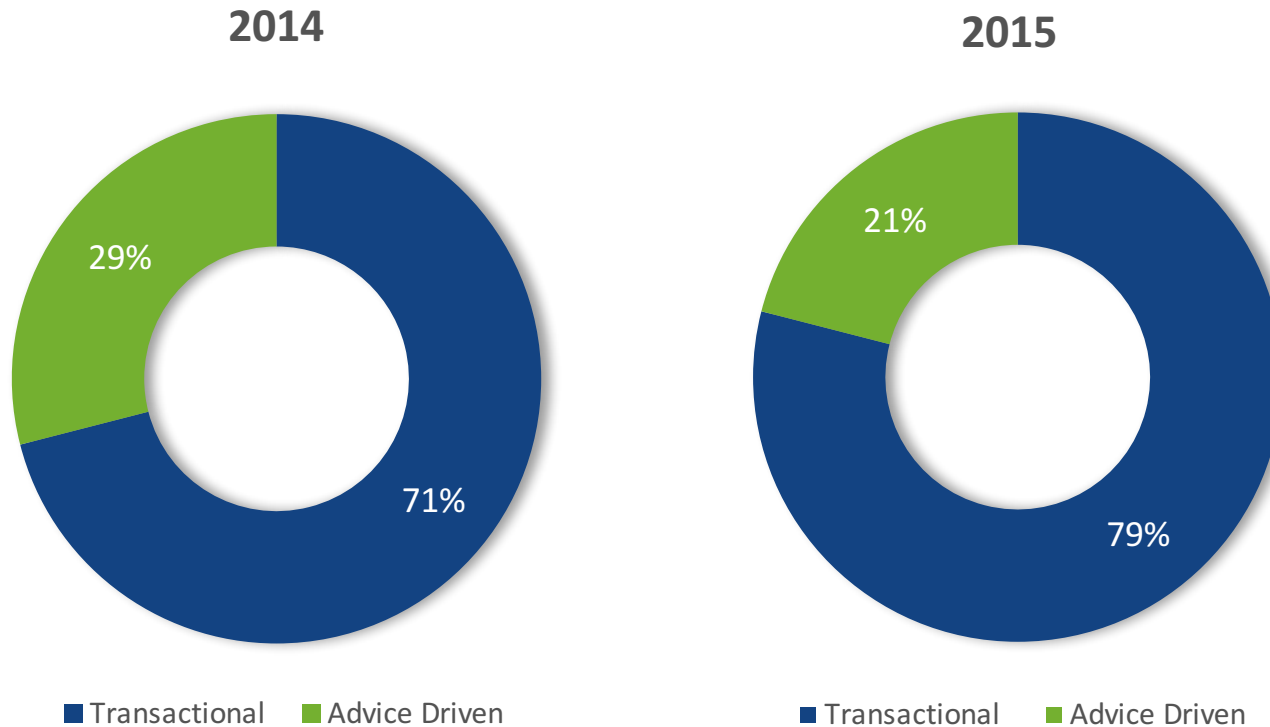


# Why the Need for a New Checking Account?

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



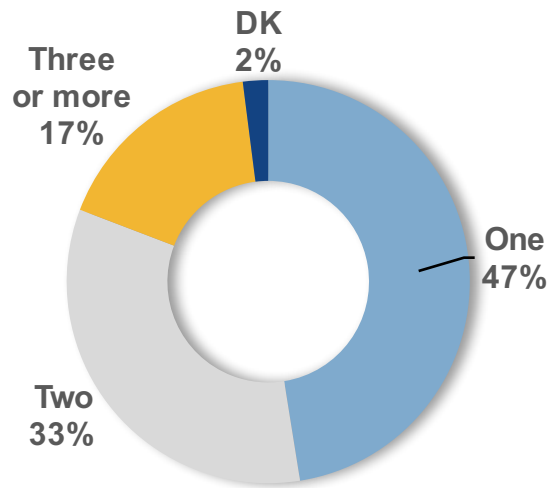
# How Do Consumers Characterize the Relationship With Their Financial Institution?



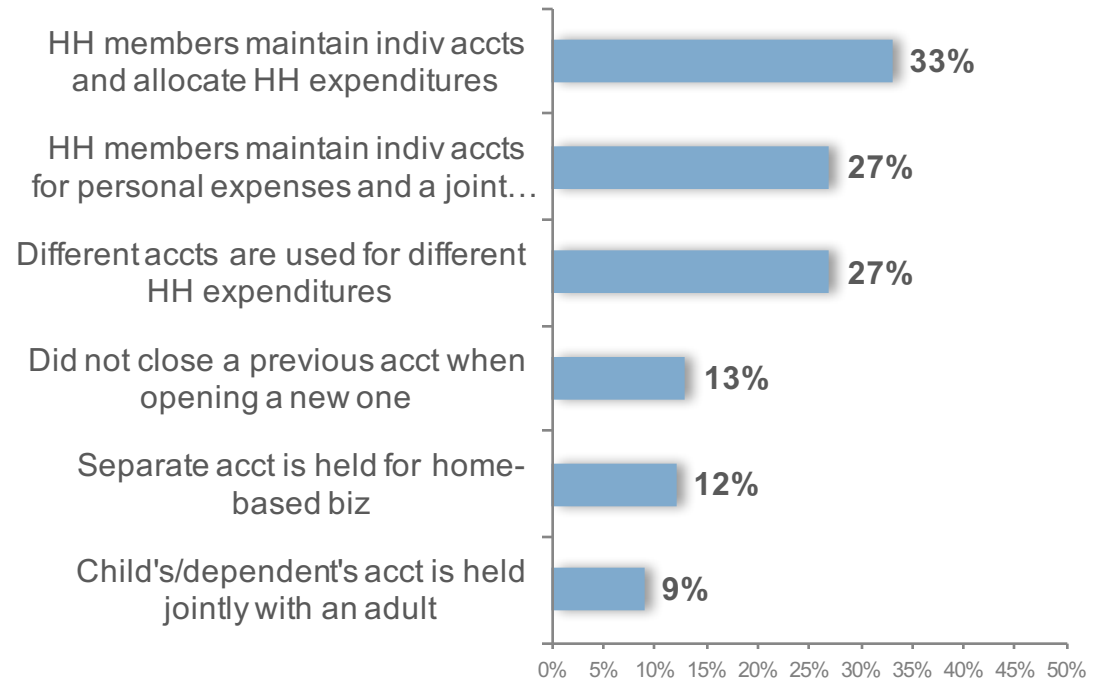
***Consumers are buying low-margin products from their primary financial institutions and shopping around for high-margin products.***

# Multiple Checking Accounts — How Many and Why

## Number of Checking Accounts Held by Households

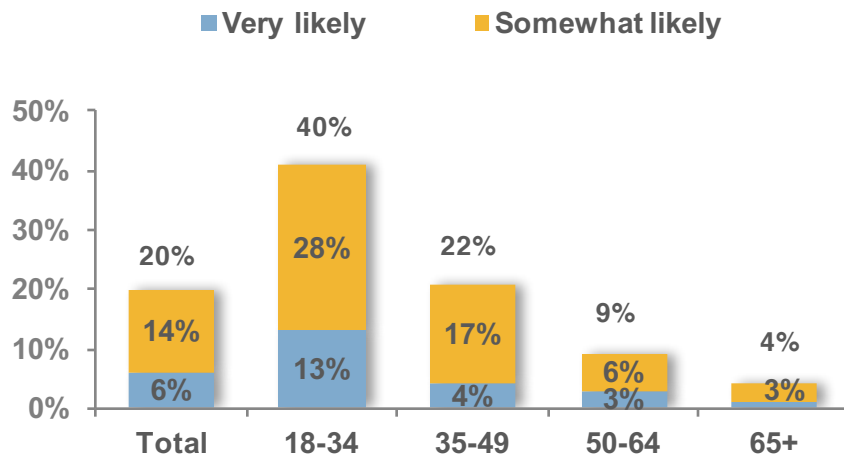


## Reasons for Having Multiple Checking Accounts

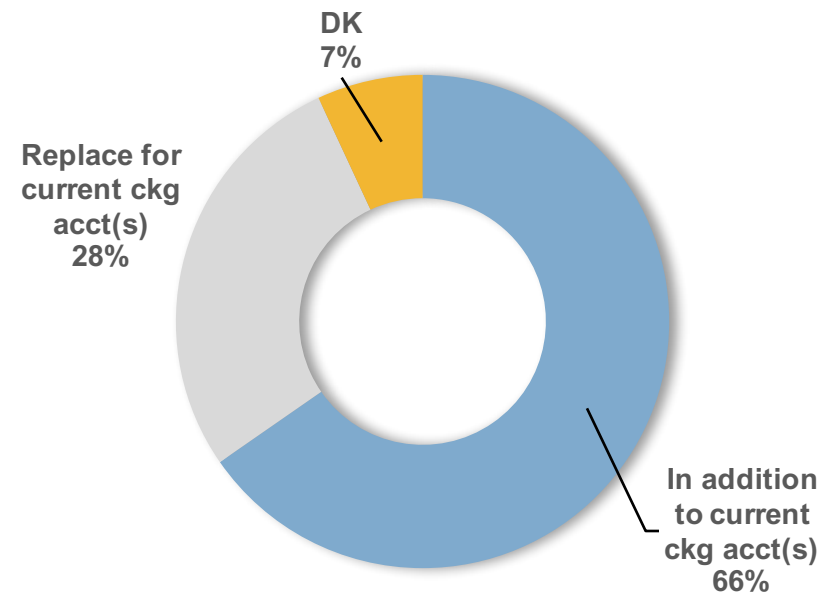


# An Opportunity to Expand the Relationship

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



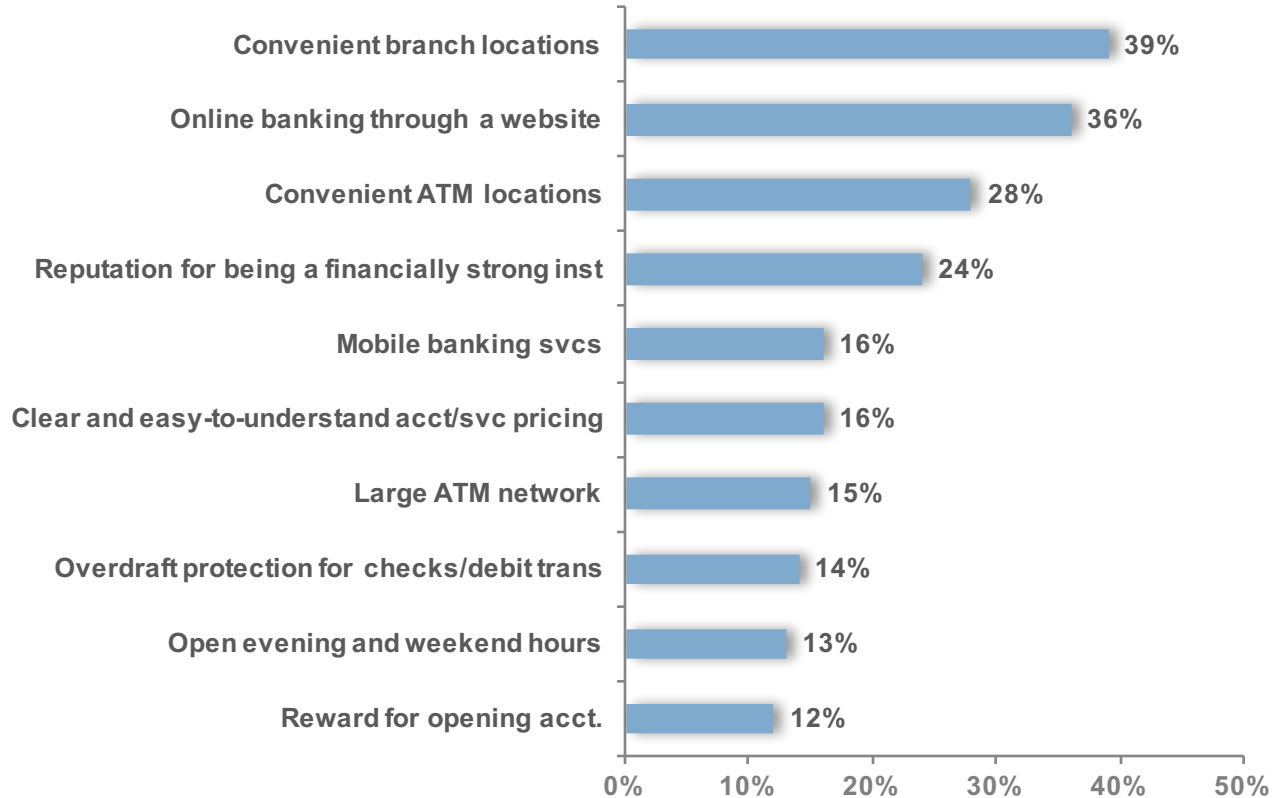
## Position of New Checking Accounts



# Consumer Decision Process and Pricing > > >

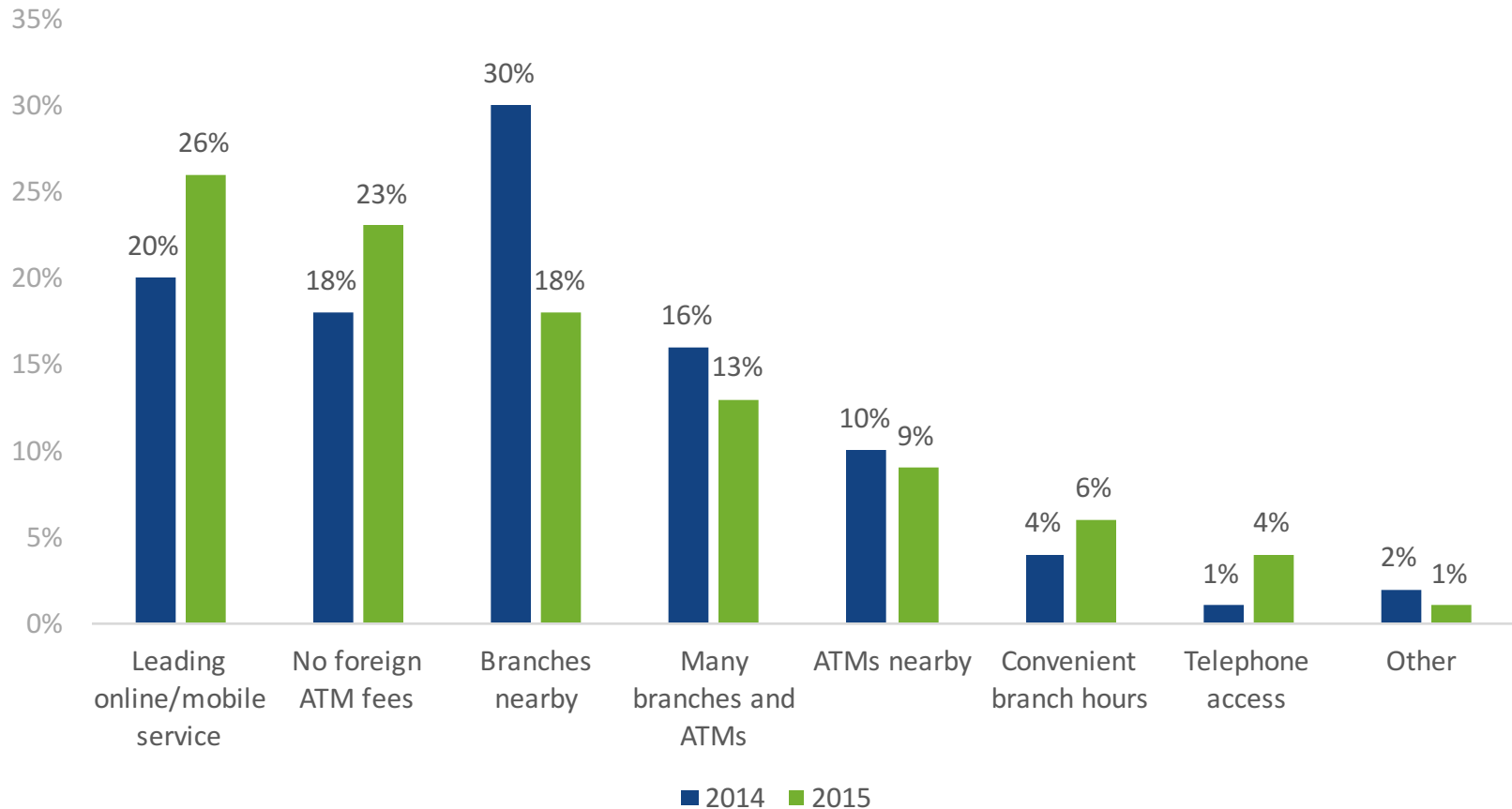
# Deciding to Switch: Convenience Is Key

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



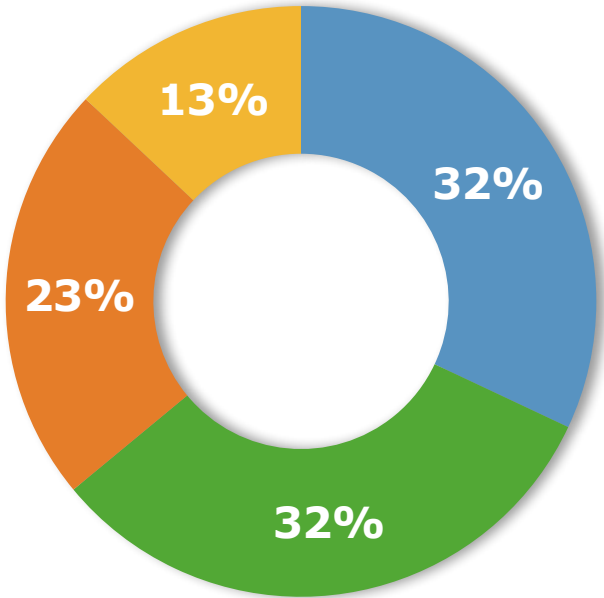
# Deciding to Switch: Convenience Redefined

## What Makes My Financial Institution Convenient?



# Will Consumers Consider You?

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

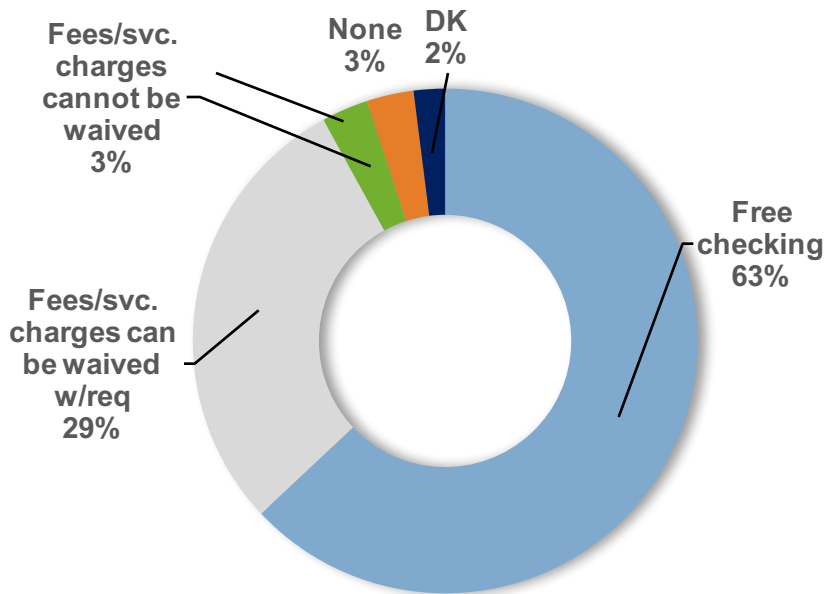


■ Knew exactly   ■ Had one in mind   ■ Had a few in mind   ■ Wasn't sure

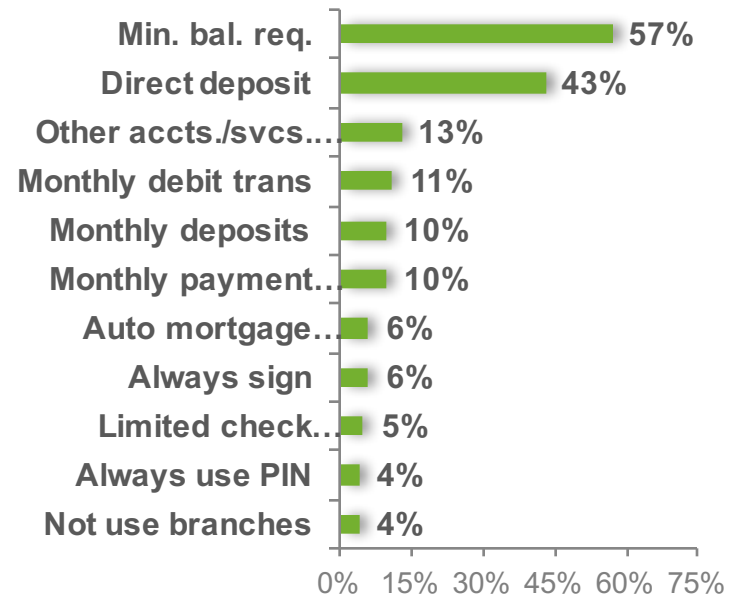


# Free Checking?

## Pricing on Main Checking Account

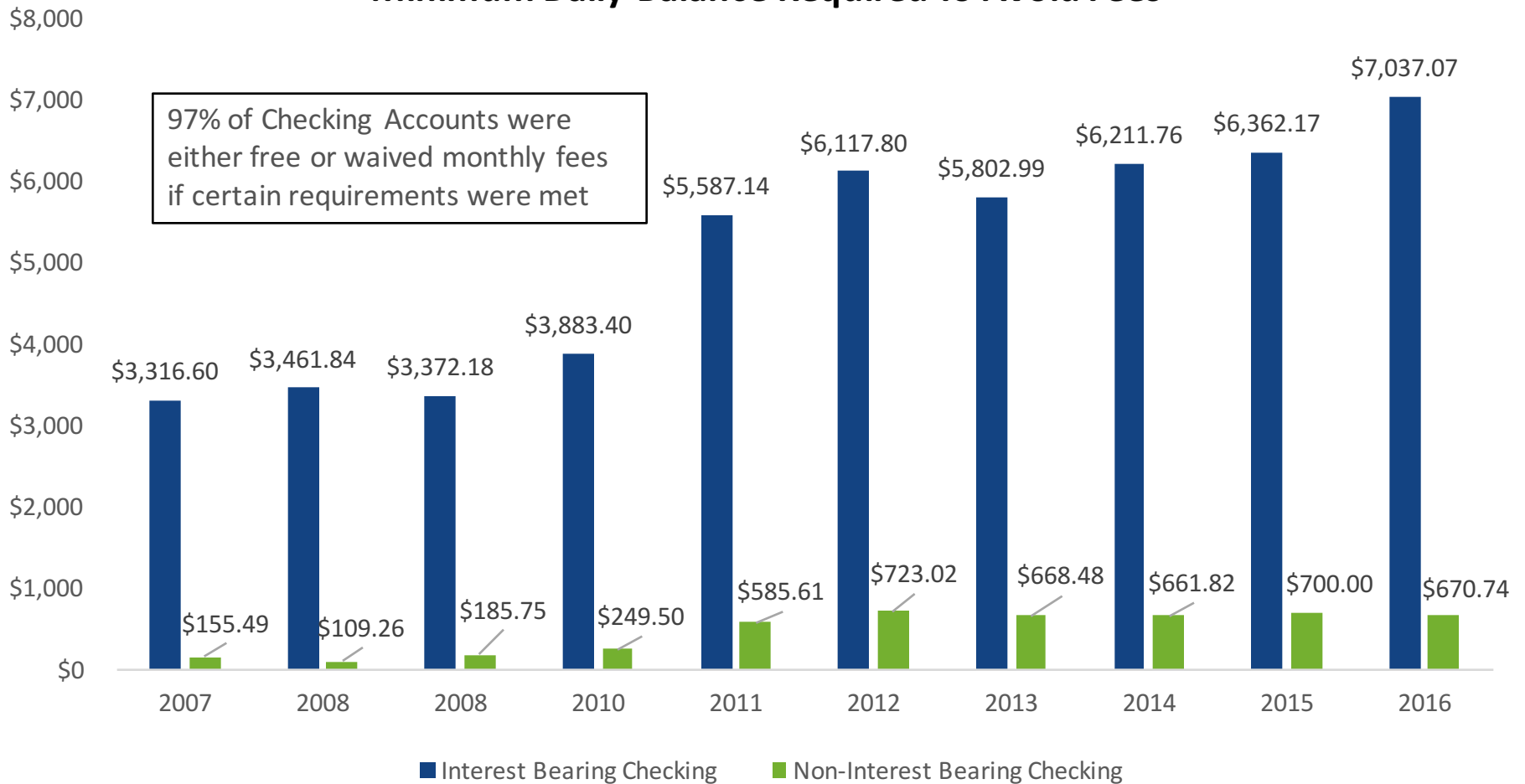


## Requirements to Avoid Monthly Service Charges or Fees



# Free Checking?

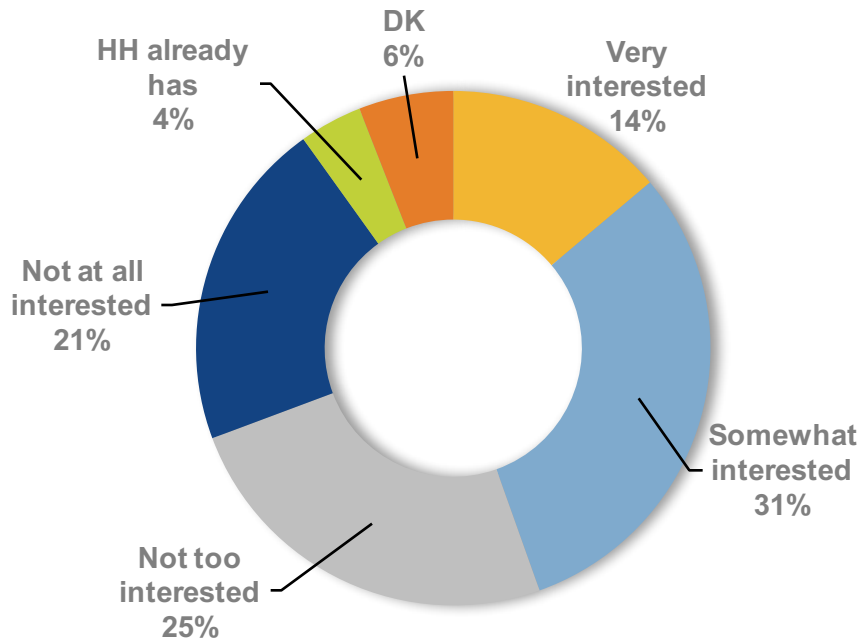
## Minimum Daily Balance Required To Avoid Fees



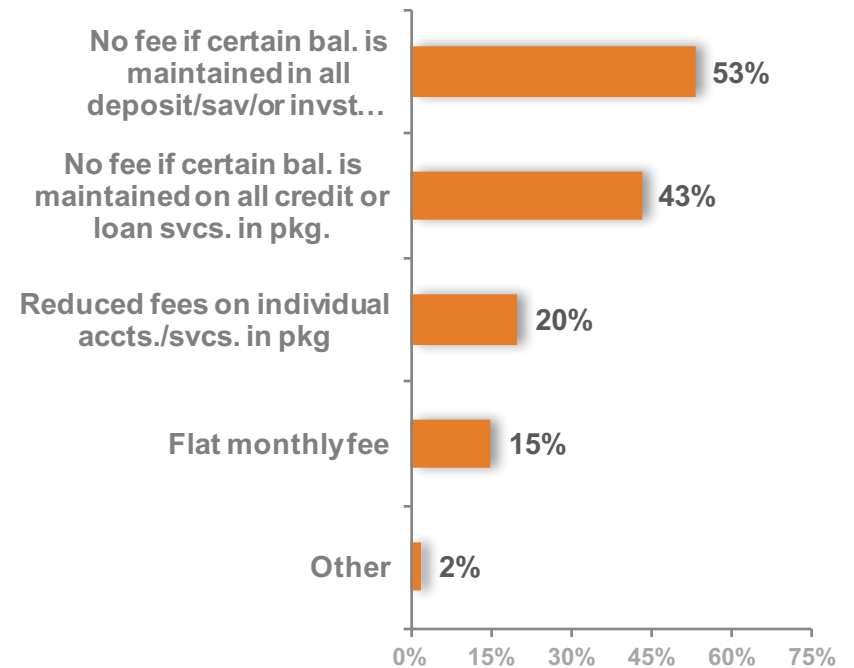
# Relationship Strategies > > >

# Maximize Cross-selling Opportunities

## Financial Packages – Usage and Potential

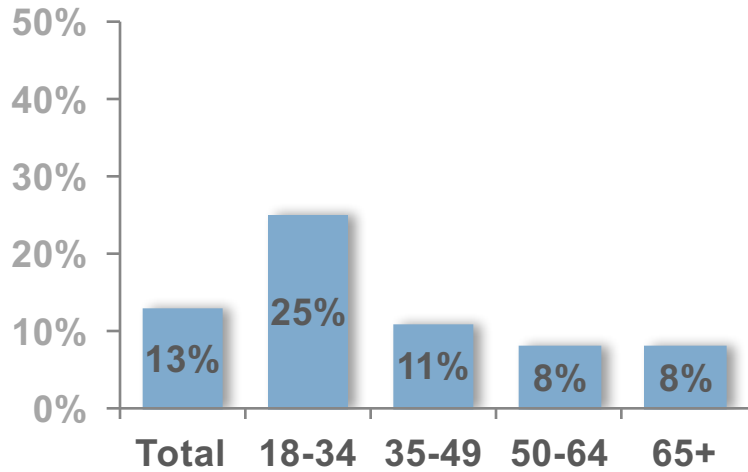


## Acceptable Pricing Arrangement for Package

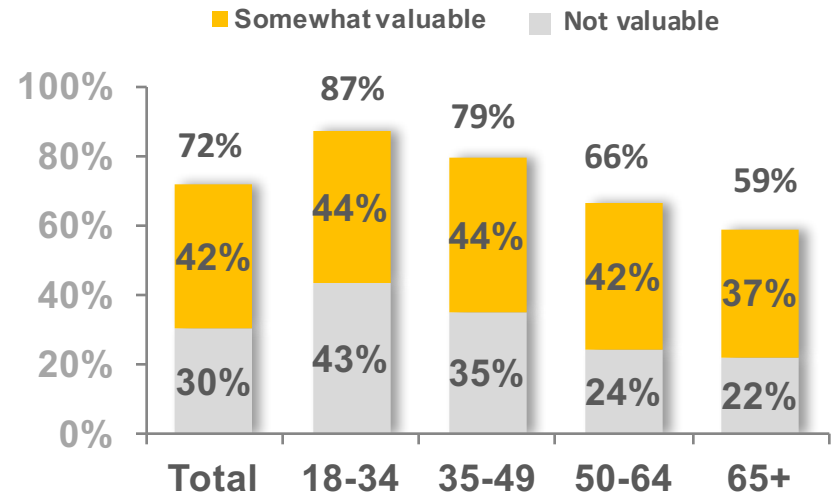


# Consider the Economics of Rewards Programs

## Participation in Relationship Rewards Programs (by Age)



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



**Key Takeaways** > > >

# The Value of Acquisition

- By the close of the 40-day tracking window, 1,584 households had responded with an account opening, yielding a 1.59% household response rate
- Responders opened 361 new checking accounts with total checking balances of \$334,709, for an average checking account balance of \$927 and a checking response rate of .36%
- The total cost per household response and new checking account acquired averaged \$20.56 and \$90.21, respectively

Name	Member	Prospect	Total
Total Households Reached	15,926	83,804	99,730
Households Responding	1,237	347	1,584
Household Response Rate	7.77%	0.41%	1.59%
Checking Accounts Acquired	180	181	361
Checking Account Response Rate	1.13%	0.22%	0.36%
Total Accounts Acquired	1,845	826	2,671
Total Account Response Rate	11.58%	0.99%	2.68%
Checking Balances Acquired	\$225,615	\$109,094	\$334,709
Total Balances Acquired	\$8,598,117	\$3,732,327	\$12,330,444
All-in Campaign Costs	\$5,200	\$27,364	\$32,565
Average Checking Account Balance	\$1,253	\$603	\$927
Cost Per Household Response	\$4.20	\$78.86	\$20.56
Cost Per Checking Account Acquired	\$28.89	\$151.19	\$90.21
Cost Per Total Account Acquired	\$2.82	\$33.13	\$12.19

# Q&A

Type your question in the chat panel 

**Stephen Nikitas**

Senior Strategy Director

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**Thank You!**

