



Trendwatch: Why Checking Matters



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PAYMENT SOLUTIONS

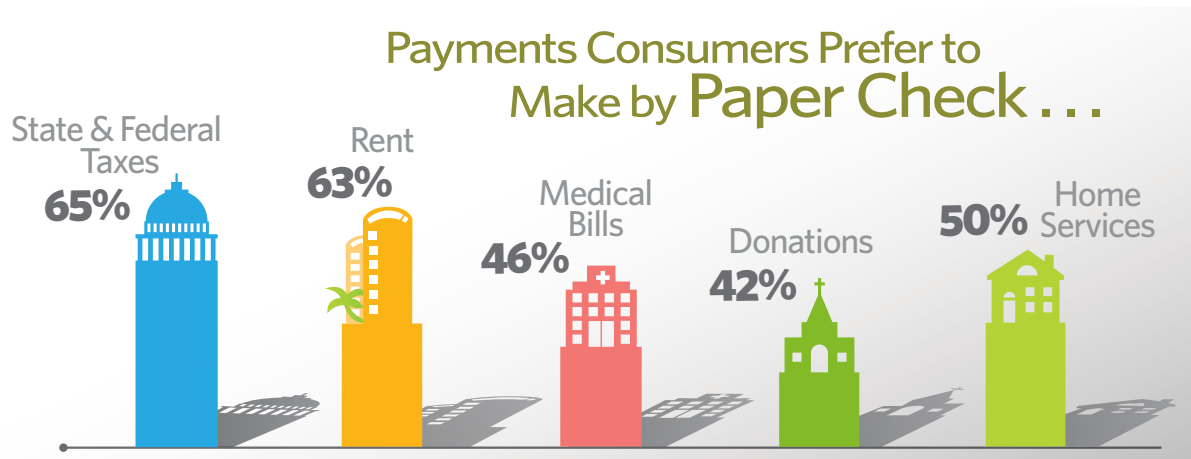
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es, checking has changed. But checks remain the prevailing form of payment.¹ In the minds of most consumers, the checking account defines their core banking relationship. When it comes to frequency of use and access, the checking account usually trumps savings or any type of loan.

That's why acquiring and keeping checking account holders is so important. Consider the following trends and how they might impact your institution.

Consumers prefer **paper checks** for some types of payments.²

Fact: Consumers prefer paper checks for some types of payments. Americans wrote 18.3 billion checks in 2012.³ Checks tend to be for larger transaction amounts than debit cards - \$168 vs. \$44. As transaction amounts rise above \$100, the number and share of checks rises.⁴ In fact, paper checks are the preferred method for some payments.



Source: Javelin Strategy & Research, *The Myth of Paperless Payments*, October 2011

¹ Federal Reserve, *Payments Study*, 2013

² Javelin Research & Strategy, *State of the Check*, 2011

³ Federal Reserve, *Payments Study*, 2013

⁴ Federal Reserve, *Diary of Consumer Payment Choice*, 2012

Fact: Checking accounts drive transactions. Account holders are using their checking accounts as much as ever, just in different ways. Debit card usage is up — 7.3 percent and 9.5 percent since 2012 for Visa® and MasterCard®, respectively.⁵ On average, U.S. mobile transactions have grown 118% per year for the last five years.⁶ All of this action — and transactions — started with a checking account.

Fact: Checking accounts enhance relationships and contribute to profitability. A new checking household is valued at \$791.⁷ A premium checking account with performance characteristics and larger balances, contributes to a 20% return on equity at many banks.⁸ Financial institutions that acquire and nurture checking relationships set themselves up for greater product penetration. Primary financial institutions win approximately 50 percent of new product sales to account holders.⁹



Fact: Consumers often change banks. The primary bank switching rate increased by more than 40 percent in late 2013 to an overall rate of 10 percent.¹⁰ That put \$675 billion in deposits in play.¹¹ Winning primary financial status means more of those deposits stay at your institution. And it all starts with the checking account.

⁵ Nilson, *U.S. General Purpose Credit Cards*, December 2013

⁶ Merchant Warehouse, *Trends and Highlights in Mobile Payments*, September 5, 2014

⁷ Callahan & Associates, Javelin Strategy & Research, Moebs Services and Harland Clarke, *Combined Aggregate Data*, 2012-2013

⁸ CenterState Bank, *Optimize Premium Checking Accounts*, December 16, 2013

⁹ Bain & Company, *Customer Loyalty in Retail Banking: Global Edition*, 2013

¹⁰ Alix Partners, *Mobile Financial Services Tracking Study*, March 2014

¹¹ Javelin Strategy & Research, *Financial Institution Vulnerability Index*, 2012

Consumers who are likely to switch banks maintain deposits that are **30 percent** higher.¹²



Fact: Bank switchers are high value. Consumers who are likely to switch banks manage deposits that are 30 percent higher than those who are unlikely to switch. Moreover, bank switchers are willing to pay close to \$92 million in fees for four value-added services: money orders, cashier's checks, safe-deposit box rentals and mobile deposit services.¹²

Fact: Convenience keeps checking account holders satisfied. Thirty-one percent of consumers said convenience/ease of access is the best thing about their accounts.¹³ Certainly nearby branches, checks, ATMs, online banking and mobile banking give consumers ready access to their funds.

What Do the Facts Say? These trends tell us much about how consumers are using their checking accounts, how often they're switching banks, and how vital checking accounts are to household affinity. Financial institutions that understand account holder needs, offer a mix of payment products — from checks to mobile — and provide easy access will enjoy more lasting, profitable relationships.

If you'd like to learn more about our checking program
or how to acquire profitable new checking account holders,
call **1.800.351.3843**, email us at ContactHC@harlandclarke.com
or visit harlandclarke.com/AcquisitionAccelerator.

Related Resources:

- Article: True Value of the Checking Account
- White Paper: How Safe Is Your Data?
- White Paper: The Value of a Brand
- Article: Lowering Costs, Reducing Errors with Forms Standardization

¹² Javelin Strategy & Research, *Financial Institution Vulnerability Index*, 2012

¹³ TD Bank, *Checking Experience Index*, 2013