

Welcome! Today's webinar will begin shortly.

Harnessing Digital Banking to Grow Deposits Profitably





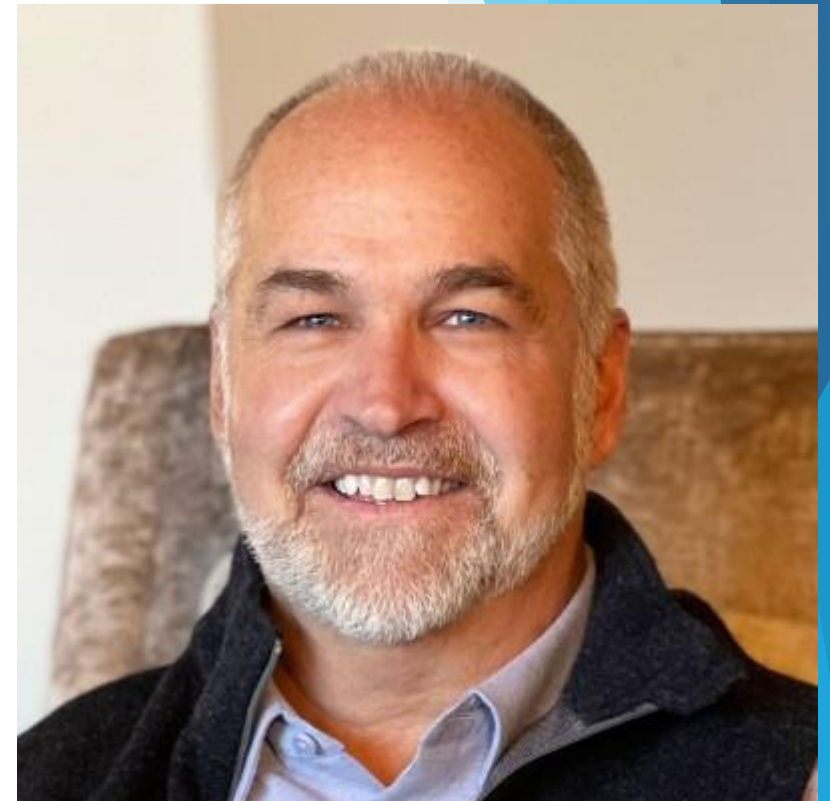
Presenters:



Neil Stanley
CEO/Founder
The CorePoint



Jim Wrigley
EVP Growth Strategy
DeepTarget, Inc.



Agenda

Deposit Growth Strategies

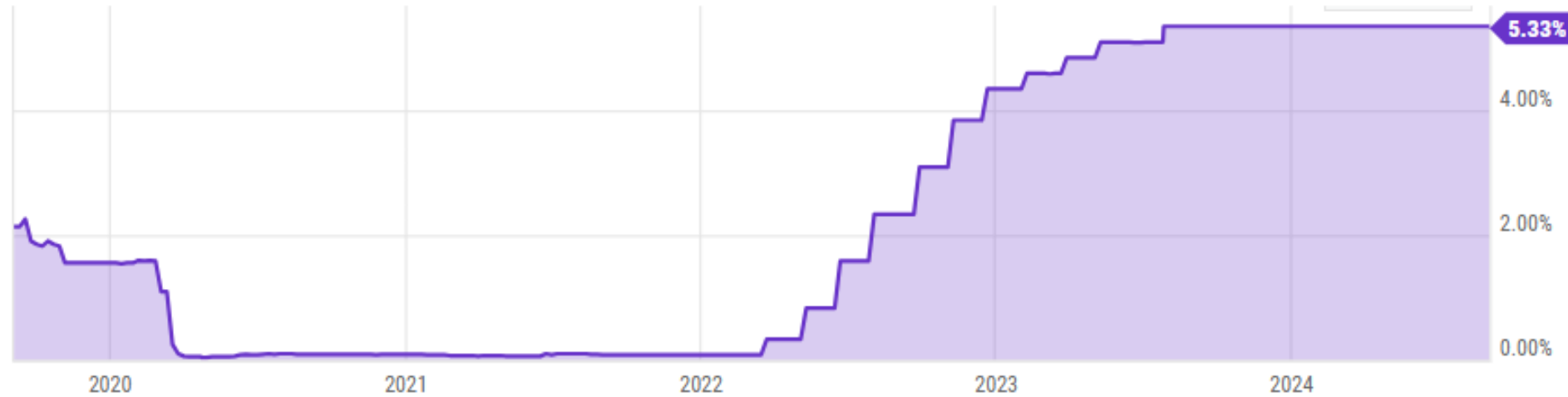
- ▶ Current Economic Climate
- ▶ Deposit Negotiation
- ▶ Where Does Marketing Fit?
- ▶ Seize the Marketing Opportunity
- ▶ Q+A



Interest Rates that Banks Get Paid are Totally Transparent

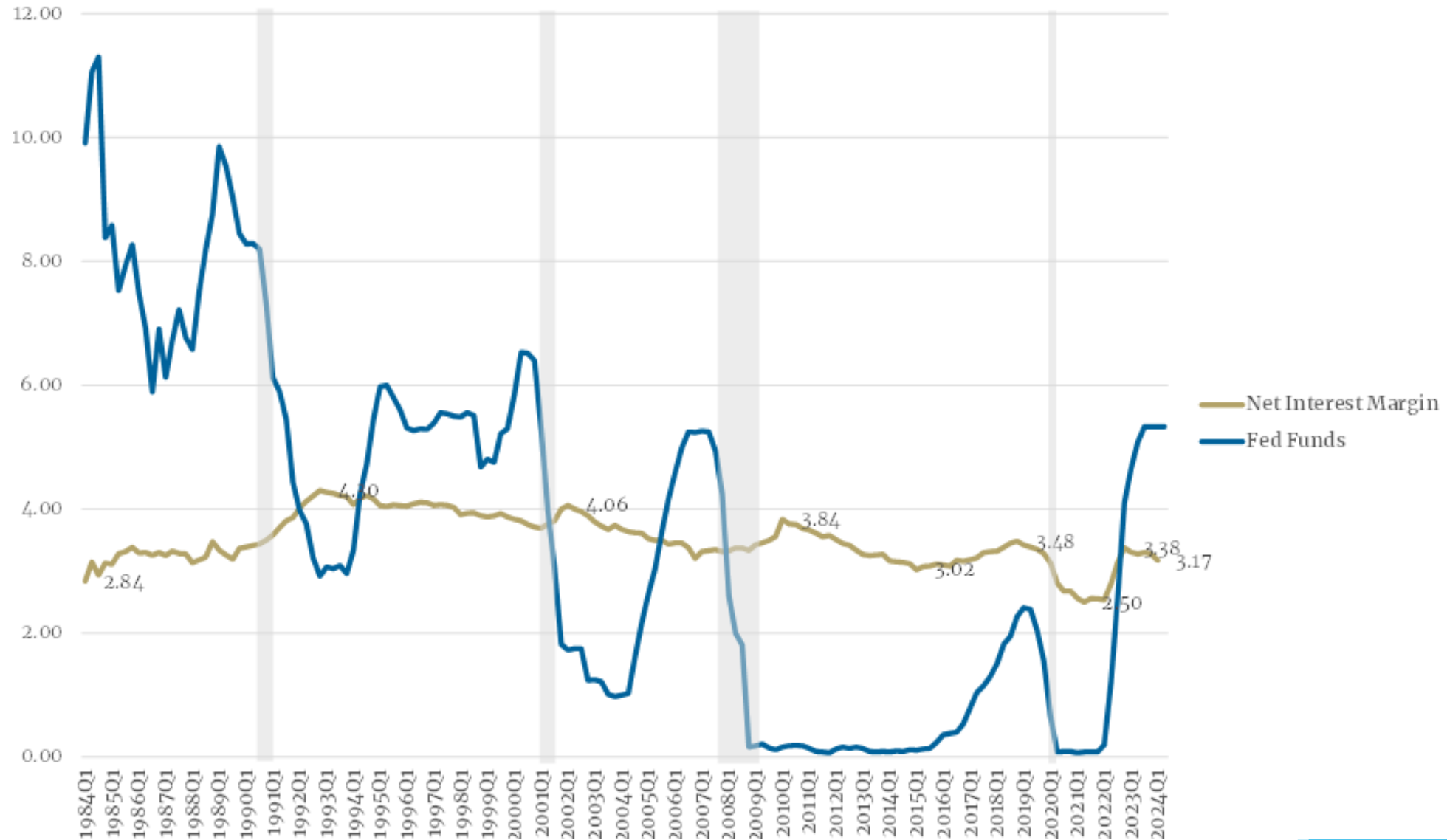
Effective Federal Funds Rate (I:EFFRND)

5.33% for Sep 02 2024



https://ycharts.com/indicators/effective_federal_funds_rate

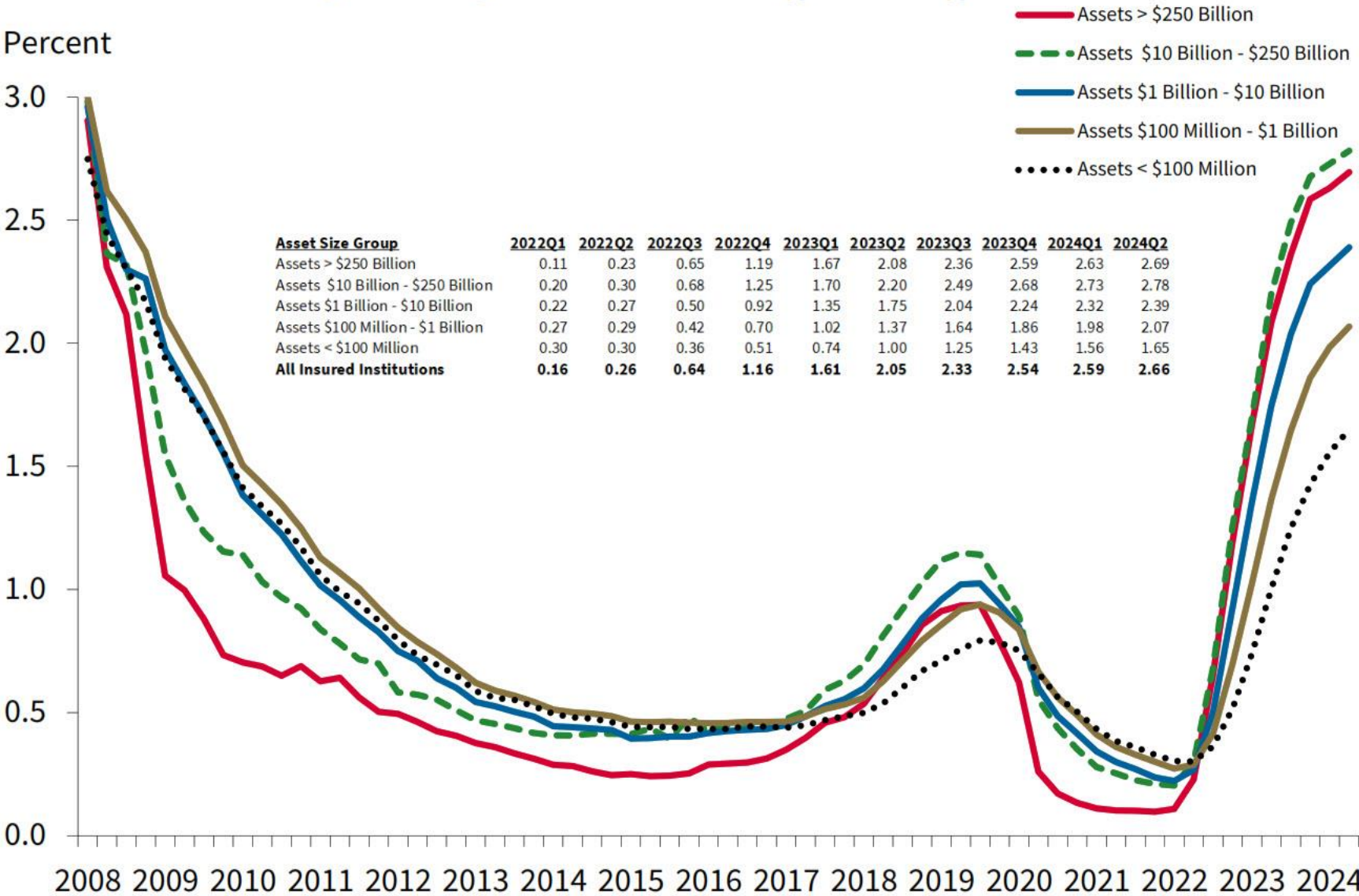
Net Interest Margin Over 40 Years



Federal Funds Effective Rate (FEDFUNDS) | FRED | St. Louis Fed (stlouisfed.org)

<https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/timeseries/ratios-by-asset-size-group.xlsx>

Quarterly Cost of Funding Earning Assets



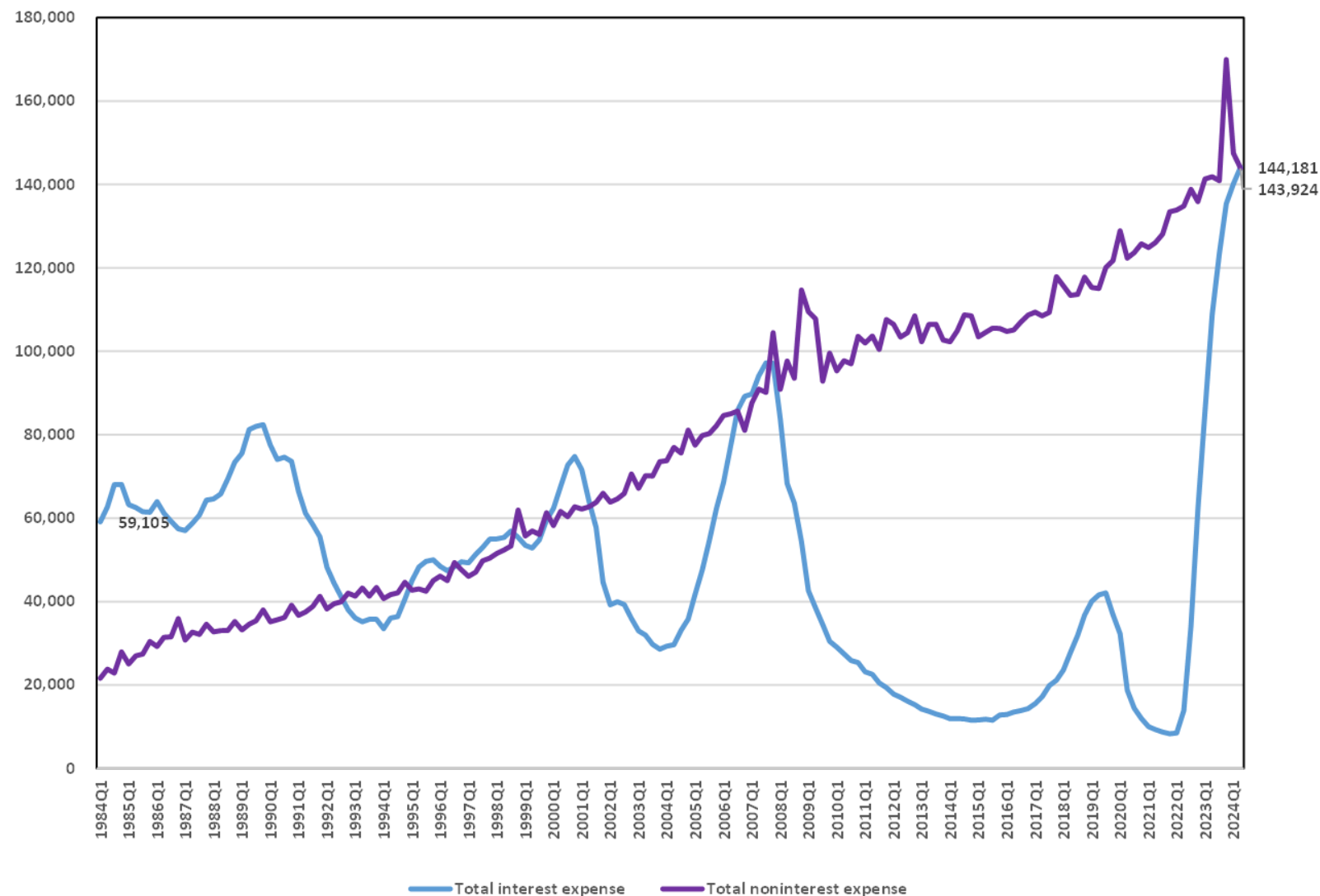
Source: FDIC.

<https://www.fdic.gov/quarterly-banking-profile>

<https://thefinancialbrand.com/news/deposits/with-rate-cuts-delayed-how-can-banks-boost-deposit-profitability-one-word-volume-177943>

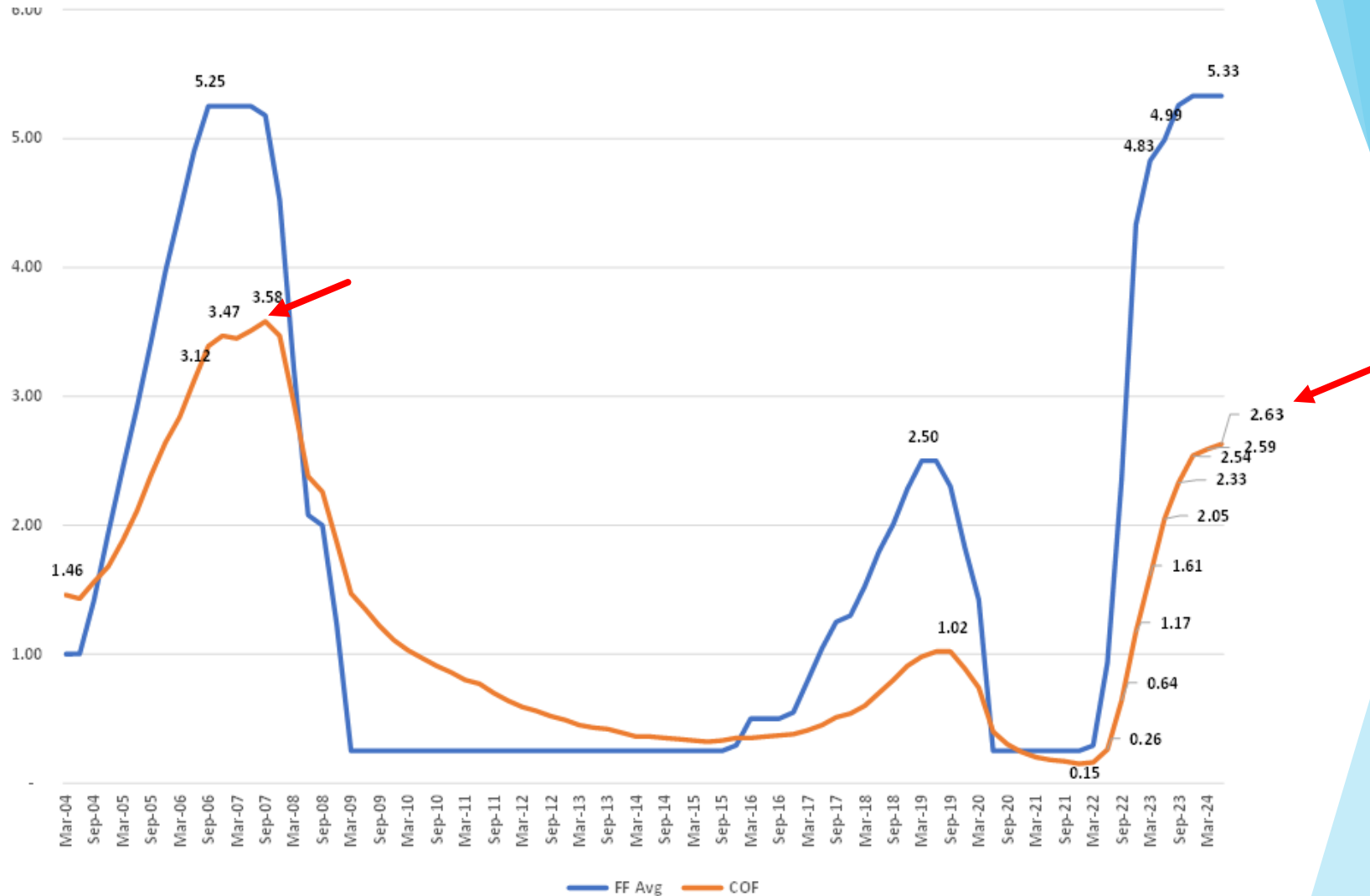
Quarterly Expense for All Banks

Source: <https://www.fdic.gov/system/files/2024-08/quarterly-income.xlsx>



https://www.linkedin.com/posts/neilstanley_fdic-banking-finance-activity-7237852836414251008-xgpC?utm_source=share&utm_medium=member_desktop

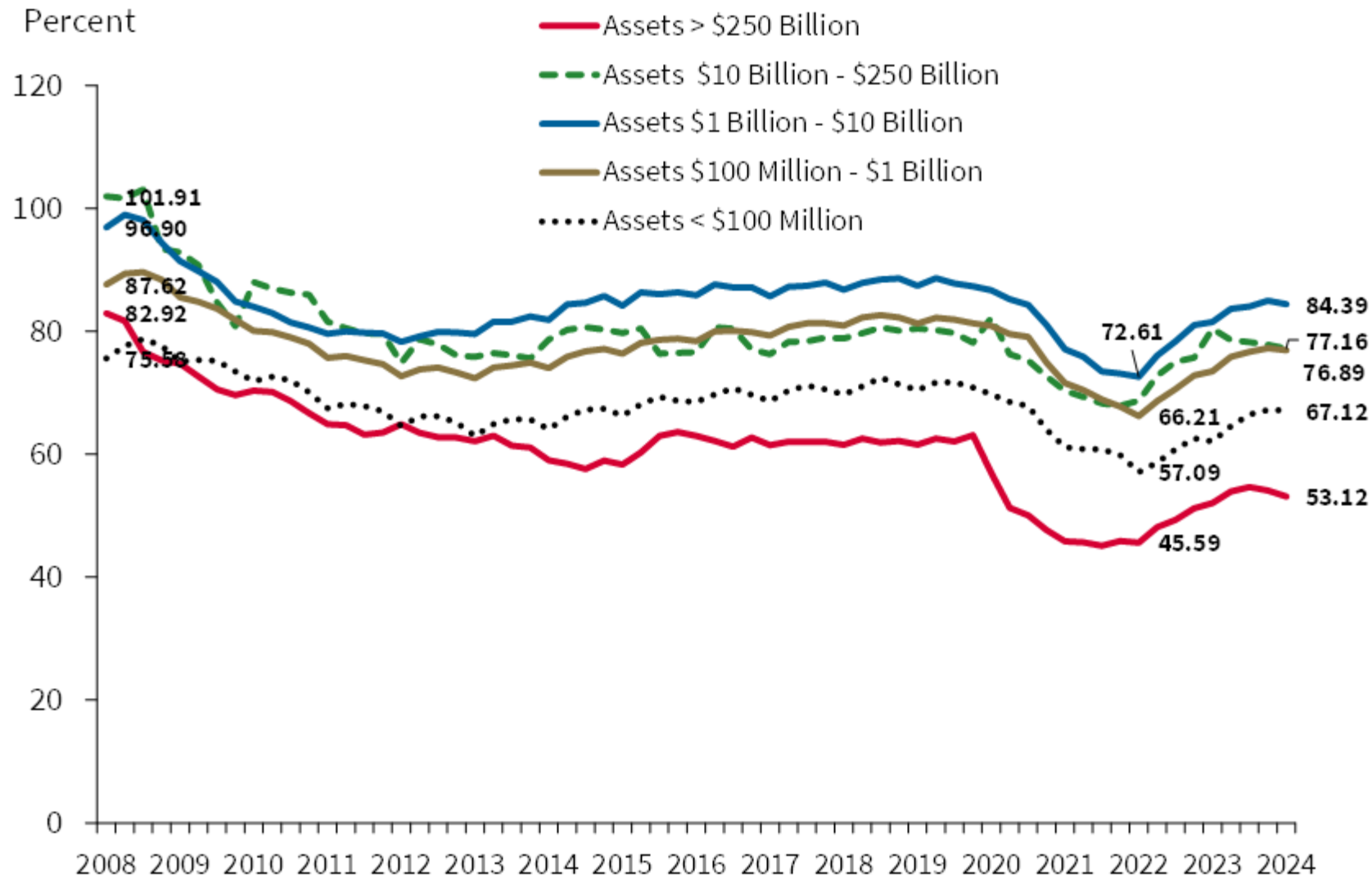
Comparing FDIC Cost of Funds with Effective Fed Funds Rates



<https://www.fdic.gov/analysis/quarterly-banking-profile>

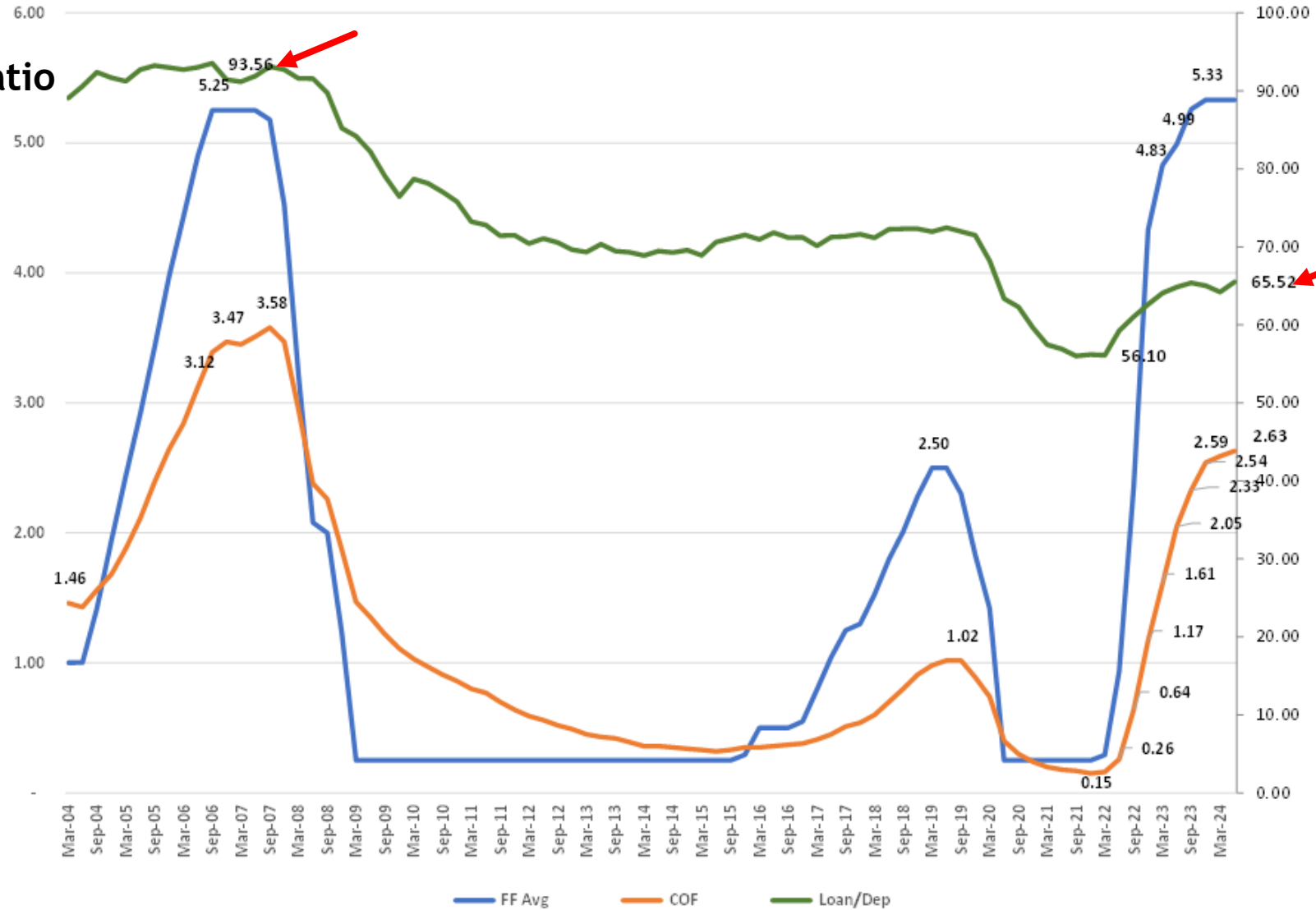
<https://www.newyorkfed.org/markets/reference-rates/effr>

Net Loans & Leases to Total Deposits



Comparing FDIC Cost of Funds with Effective Fed Funds Rates

Loan/Deposit Ratio

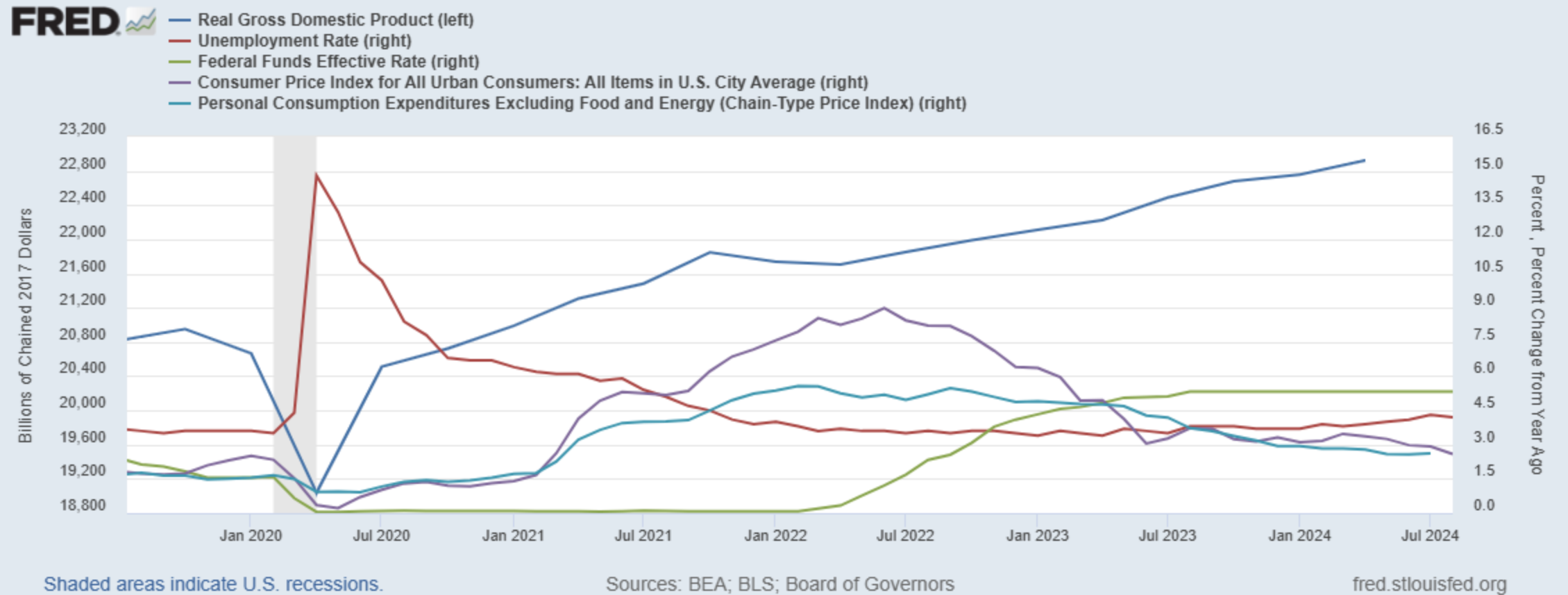


<https://img1.wsimg.com/blobby/go/537103de-7172-4ca3-a548-e8855c863747/downloads/Comparing%20Effective%20FF%20and%20Loan%20to%20FDIC%20Cost%20o.xlsx?ver=1722518542152>

<https://www.fdic.gov/analysis/quarterly-banking-profile>

<https://www.newyorkfed.org/markets/reference-rates/effr>

The Economy



<https://fred.stlouisfed.org/graph/?g=1tFiz>

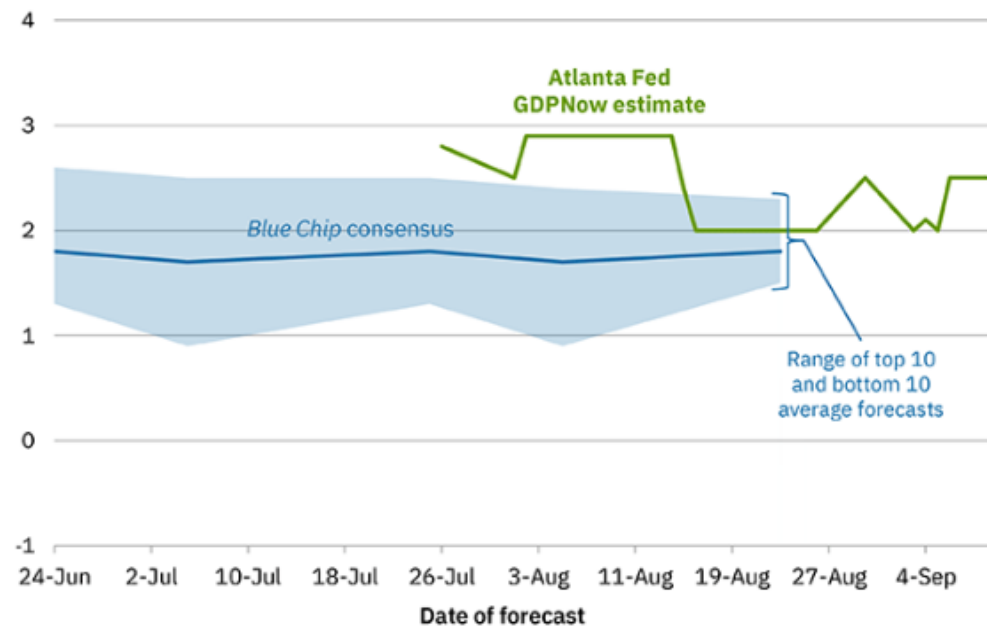
GDPNow

Latest estimate: 2.5 percent -- September 09, 2024

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2024 is **2.5 percent** on September 9, up from 2.1 percent on September 4. After recent releases from the US Census Bureau, the Institute for Supply Management, the US Bureau of Labor Statistics, and the US Bureau of Economic Analysis, the nowcasts of third-quarter real personal consumption expenditures growth and third-quarter real gross private domestic investment growth increased from 3.2 percent and 0.0 percent, respectively, to 3.5 percent and 1.2 percent, while the nowcast of the contribution of the change in real net exports to third-quarter real GDP growth decreased from -0.37 percentage points to -0.40 percentage points.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q3

Quarterly percent change (SAAR)



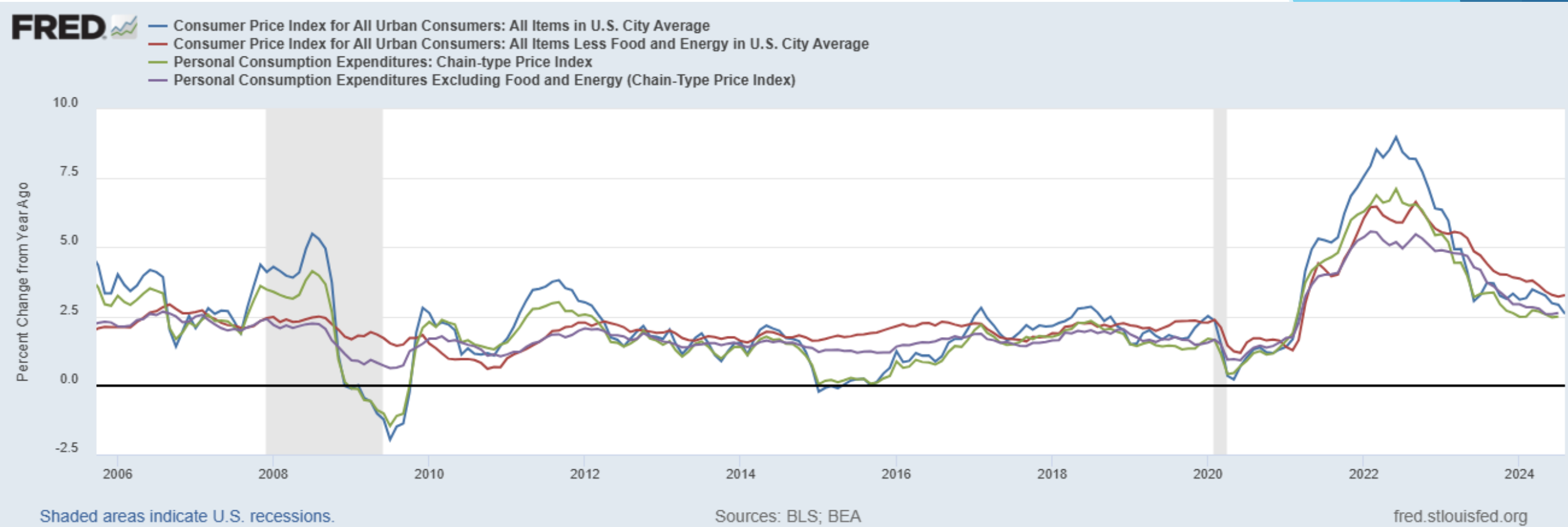
Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

<https://www.atlantafed.org/cqer/research/gdpnow>

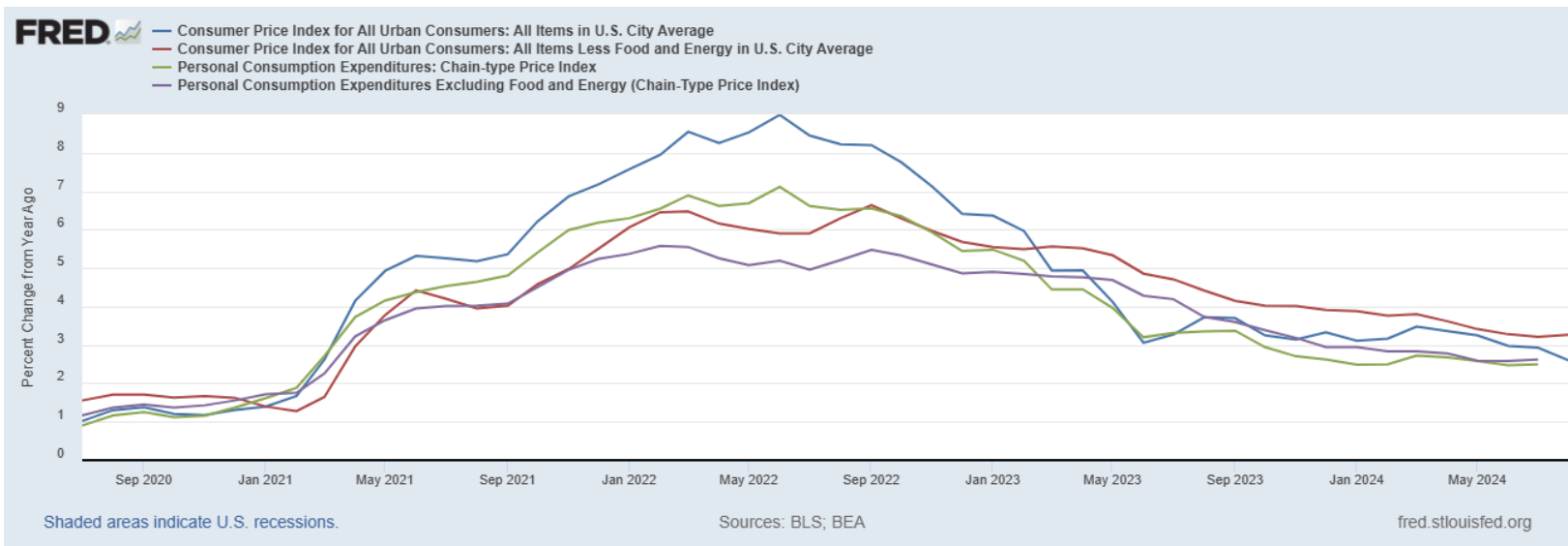
Inflation Measures

Annual Change

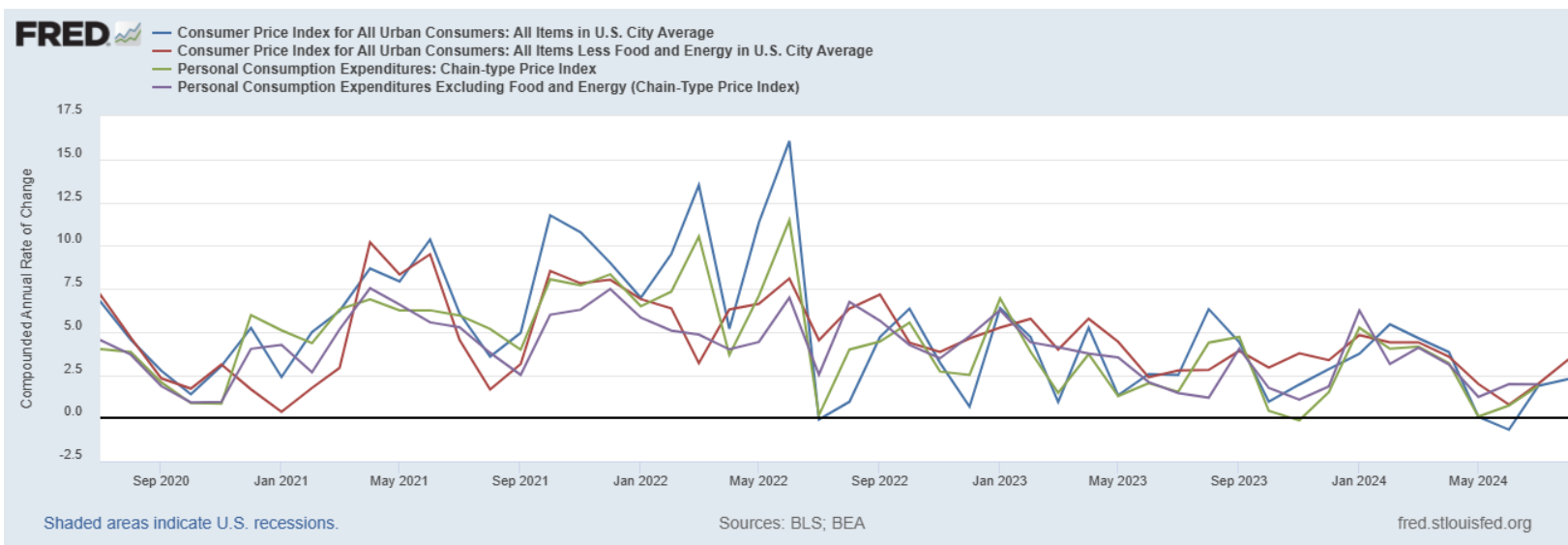


<https://fred.stlouisfed.org/graph/?g=19bie>

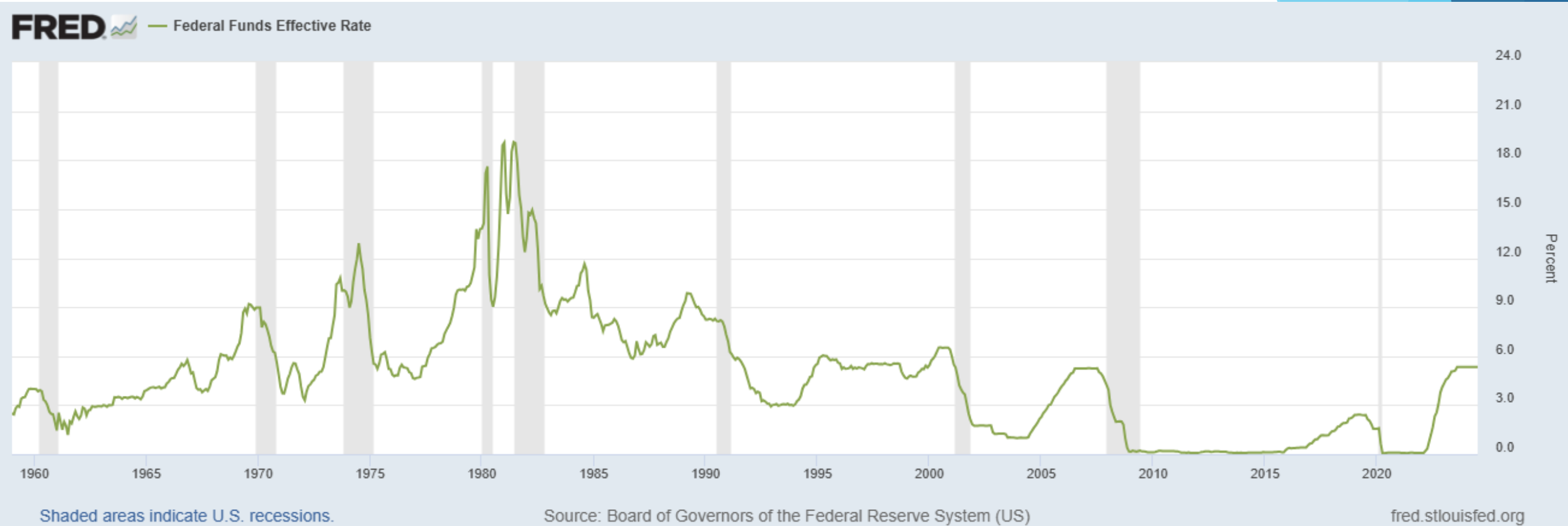
<https://fred.stlouisfed.org/graph/?g=1kyeu>



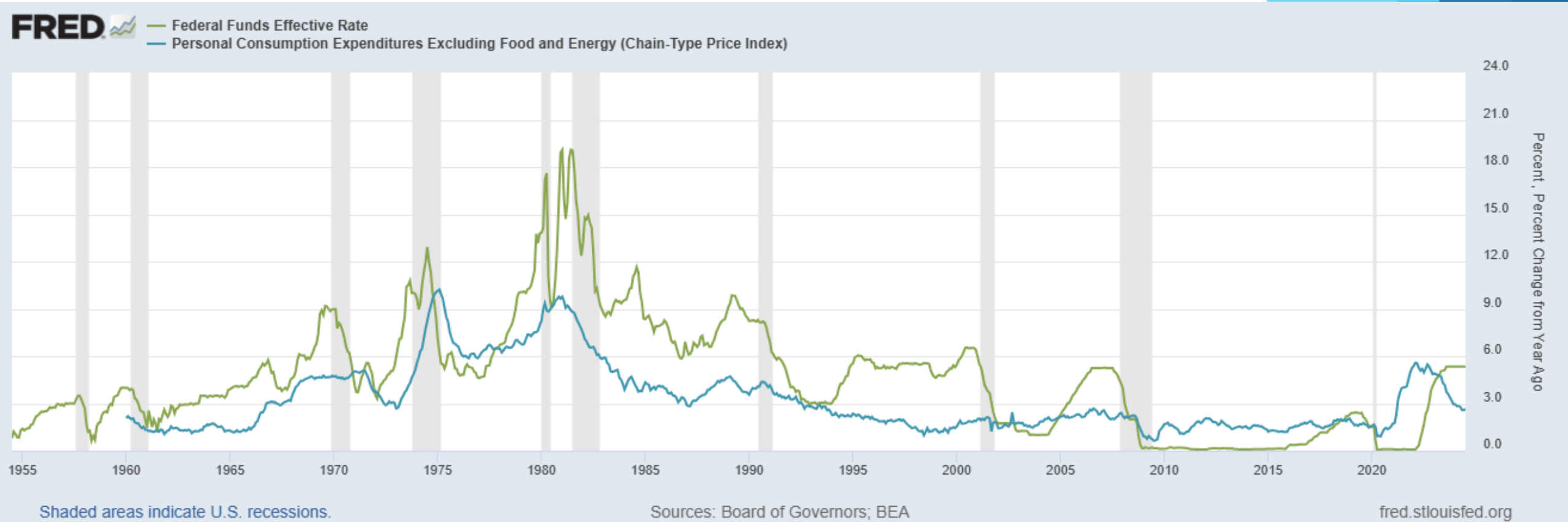
<https://fred.stlouisfed.org/graph/?g=1kyeY>



Current = 5.33%
Median = 4.68%



<https://fred.stlouisfed.org/graph/?g=1eo81>



<https://fred.stlouisfed.org/graph/?g=1eo81>

Fed Funds vs PCE Inflation

	FEDFUNDS	PCEPILFE_PC1	Spread
1960-2024			
Average	4.80	3.24	1.56
Median	4.74	2.29	1.63
1960-2007			
Average	6.07	3.64	2.43
Median	5.42	3.07	2.63
2008-2024			
Average	1.09	2.09	-0.99
Median	0.19	1.64	-1.12

The Economy

Key Economic Resource Suggestions for Bankers

U.S. Population

- <https://tradingeconomics.com/united-states/population>

Interest Rates

- <https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20231213.pdf>
- <https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20230920.pdf>
- <https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20230614.pdf>
- <https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20230322.pdf>
- <https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20221214.pdf>
- <https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20220316.pdf>
- <https://fred.stlouisfed.org/series/GS30>
- <https://fred.stlouisfed.org/series/MORTGAGE30US>
- <https://fred.stlouisfed.org/graph/?g=15x0L>

Magnitude of U.S. Debt

- <https://www.sifma.org/resources/research/fixed-income-chart/>
- <https://www.thebalance.com/who-owns-the-u-s-national-debt-3306124>
- <https://www.usdebtclock.org/index.html>
- <https://fredblog.stlouisfed.org/2020/09/the-feds-balance-sheet/>

Key Economic Resources for Bankers



<https://youtu.be/PHe0bXAluk0>

Fed Funds Futures Market

CME FedWatch Tool

Expected Value Calculator

As of 9/12/2024

Calculated
Current
Expected
Value

	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	4.25	4.50	4.75	5.00	5.25	
Meeting Date	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	
9/18/2024										0.00%	0.00%	0.00%	17.00%	83.00%	5.21%
11/7/2024					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.40%	45.60%	47.10%	0.00%	4.85%
12/18/2024	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.30%	29.90%	46.50%	19.30%	0.00%	0.00%	4.45%
1/29/2025	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.20%	17.00%	38.10%	33.00%	9.70%	0.00%	0.00%	0.00%	4.08%
3/19/2025	0.00%	0.00%	0.00%	0.00%	0.80%	8.00%	25.30%	36.10%	23.90%	5.90%	0.00%	0.00%	0.00%	0.00%	3.73%
5/7/2025	0.00%	0.00%	0.00%	0.80%	7.90%	25.20%	36.10%	23.90%	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.48%
6/18/2025	0.00%	0.00%	0.60%	6.20%	21.00%	33.40%	26.90%	10.30%	1.50%	0.00%	0.00%	0.00%	0.00%	0.00%	3.29%
7/30/2025	0.00%	0.30%	3.30%	13.40%	27.10%	30.30%	18.80%	6.00%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	3.17%
9/17/2025	0.10%	1.40%	7.10%	18.50%	28.20%	26.00%	14.10%	4.10%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	3.08%

<https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>

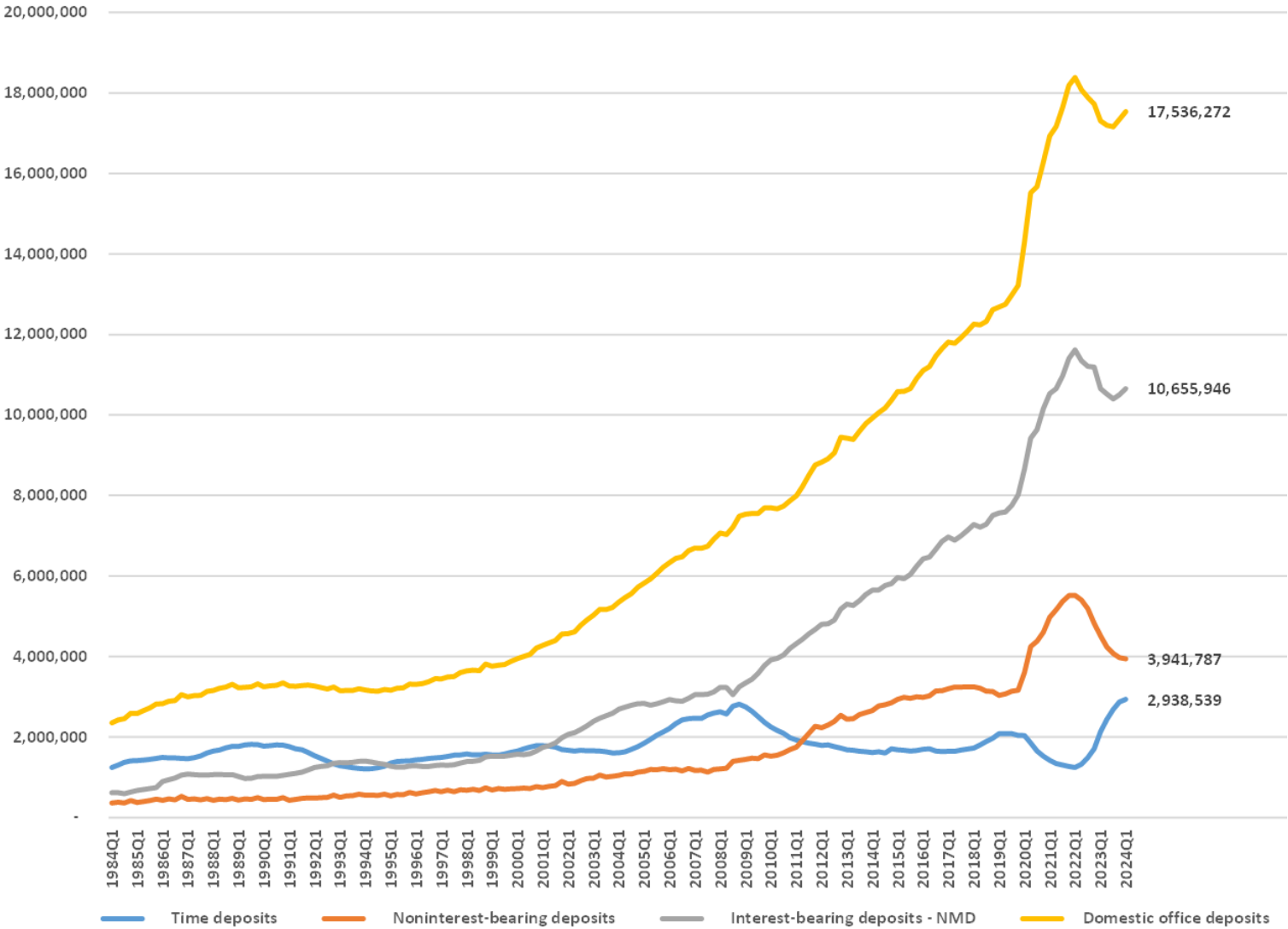
Fed Funds vs PCE Inflation



<https://youtu.be/LPKS4aAuXtl?si=f6Sez230x4W2OcL->

History of Deposits

FDIC-Insured Financial Institution Funding



Source: www.fdic.gov

UBPR Peer Group Average Distribution Report

UBPR Peer Group Average Distribution (by Percentile Rank) Report

All banks in nation

One Quarter Annualized Income Analysis--Page 12

Reporting Period: 6/30/2024

Income Statement 1-Qtr-Ann

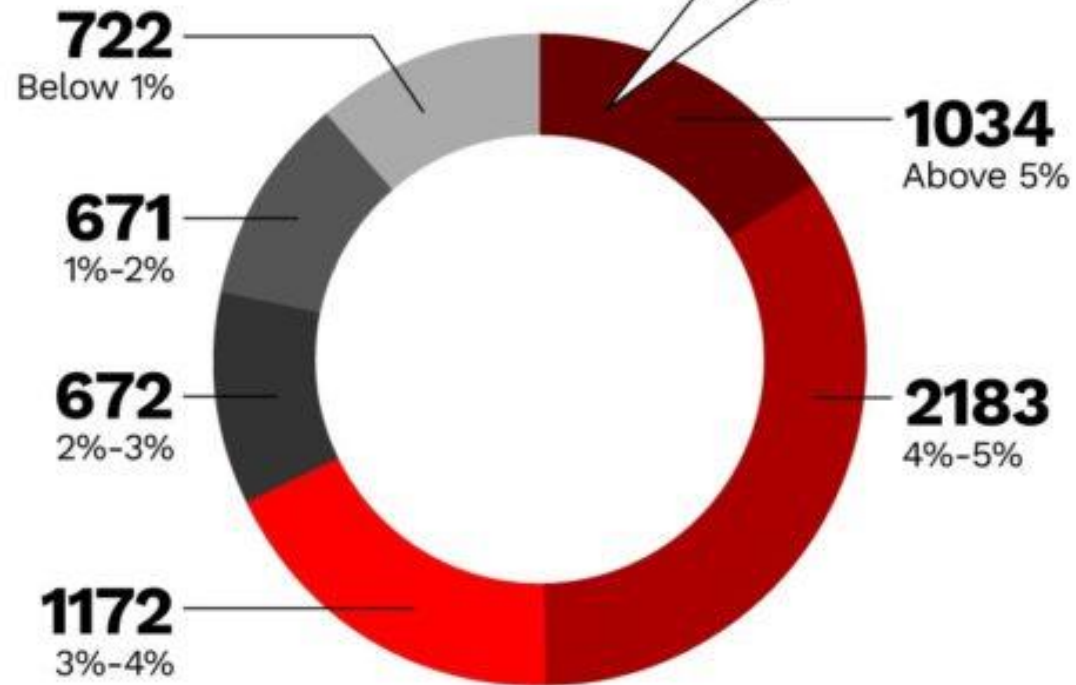
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Great Diversity

Public Report	1ST	5TH	10TH	20TH	25TH	50TH	75TH	80TH	90TH	95TH	99TH	TRIMMED AVERAGE
Earnings and Profitability												
Yield on or Cost of:												
Total Loan & Leases (TE)	4.20	4.82	5.19	5.59	5.72	6.29	6.97	7.15	7.74	8.35	11.06	6.36
Loans in Domestic Offices	4.20	4.82	5.19	5.58	5.71	6.29	6.97	7.15	7.74	8.35	11.07	6.36
Real Estate	3.96	4.54	4.85	5.20	5.34	5.91	6.58	6.76	7.32	7.88	9.48	5.97
Secured by 1-4 Fam												
Resi Prop	3.17	4.06	4.41	4.89	5.10	5.87	6.74	6.97	7.70	8.57	10.75	5.95
All Other Loans Sec												
Real Estate	3.32	4.49	4.85	5.22	5.35	5.97	6.73	6.94	7.63	8.47	10.51	6.07
Commercial & Industrial	3.21	5.21	5.83	6.42	6.61	7.35	8.27	8.54	9.57	10.83	15.34	7.48
Individual	0.00	3.90	5.23	6.16	6.50	7.66	8.98	9.38	10.68	12.30	23.68	7.77
Credit Card	0.00	0.00	3.42	6.02	6.72	9.43	14.29	15.73	21.43	26.17	60.13	10.09
Agricultural	0.00	0.00	4.36	6.41	6.83	7.74	8.43	8.62	9.25	10.29	18.15	6.98
Loans in Foreign Offices	0.00	1.60	5.29	5.54	5.72	7.34	8.18	8.80	10.02	10.71	20.18	7.21
Total Investment Securities	0.95	1.45	1.71	2.00	2.11	2.65	3.35	3.58	4.31	4.89	6.63	2.78
(TE)												
Total Investment Securities	0.89	1.41	1.64	1.91	2.02	2.51	3.22	3.44	4.18	4.78	6.63	2.66
(Book)												
US Treas & Agency (Excl	0.00	0.88	1.11	1.41	1.55	2.28	3.45	3.78	4.67	5.24	7.04	2.53
MBS)												
Mortgage Backed Securities	0.00	1.32	1.58	1.84	1.95	2.50	3.45	3.76	4.77	5.57	9.52	2.76
All Other Securities	0.00	1.21	1.57	1.89	2.00	2.52	3.26	3.55	4.48	5.60	8.13	2.71
Interest-Bearing Bank												
Balances	0.00	0.95	2.35	3.81	4.27	5.25	5.54	5.64	5.97	6.56	15.69	4.82
Federal Funds Sold & Resales	0.00	0.00	2.29	4.69	5.00	5.41	5.69	5.86	6.78	9.76	45.45	4.91
Total Interest Bearing Deposits	0.45	1.05	1.40	1.82	1.95	2.53	3.15	3.34	3.85	4.27	4.82	2.56
Transaction accounts	0.00	0.05	0.10	0.20	0.26	0.83	1.89	2.20	3.10	3.77	5.08	1.13
Other Savings Deposits	0.05	0.15	0.27	0.56	0.70	1.46	2.45	2.69	3.44	3.95	4.68	1.61
Time Deposits	1.01	2.59	3.15	3.58	3.71	4.16	4.49	4.56	4.76	4.94	5.31	4.08
Foreign Office Deposits	0.00	0.00	0.02	0.90	1.26	2.87	3.96	4.00	4.49	5.38	5.88	2.54
Federal Funds Purchased & Repos	0.00	0.00	0.00	0.00	0.00	3.34	5.51	5.75	7.02	10.81	83.33	3.03
Other Borrowed Money	0.00	0.52	2.48	3.55	3.75	4.64	5.25	5.42	5.66	6.31	18.02	4.42
Subord Notes & Debentures	0.00	2.71	3.42	4.00	4.44	5.90	7.26	7.38	8.75	11.13	25.62	5.93
Other Interest Expense	0.00	0.00	1.86	3.27	3.61	4.59	5.19	5.36	5.69	7.02	18.86	4.09
All Interest-Bearing Funds	0.53	1.16	1.51	1.93	2.07	2.65	3.25	3.42	3.89	4.29	4.87	2.67

The Pricing Environment

Institutions max disclosed rates



THE FINANCIAL BRAND © July 2024

SOURCE: Analysis by The CorePoint of S&P Bank & Credit Union July 2024 Disclosed CD Rates

The Often-Observed State of Long-Term Savings Offers

- Little, if any, guidance or training for the front line regarding long-term savings
- Using static rate sheets that tend to “commoditize” CDs
- Continuously promoting random rate-focused CD specials
- Taking an ad hoc approach to exception pricing
- Outsourcing funding via wholesale advances, brokered deposits, and listing services

A Static Approach Is No Longer Effective

As depositors become more rate-aware and rate-sensitive
The most effective approaches to managing deposits

- ▶ Let the Sleepers Sleep
- ▶ Show Respect to the Curious
- ▶ Negotiate Skillfully with the Rate Shoppers

Don't let your team struggle any longer with a static rate sheet and a few promotional specials that commoditize your offerings.

You Need a System That Complements What You Already Do

- Provide Enhanced Sequential Sales Processes
- Implement Improved Retail Deposit Products
- Provide Sales Software Platform
- Train Management and Frontline Users
- Deliver Monthly Performance Assessments



Common Deposit Tactics

- Tiering by size of account
- Ad hoc exceptions
- Offering odd-term maturity specials
- Using brokered or alternative market channels
- Offering “new money only” specials
- Relationship pricing
- Offering Teaser Interest Rate Promotions

Open the Front Door

Companion Deposit Accounts

Simple savings account delivering a CD yield

Open up a CD and be eligible to open a High-Yield Savings Account of equal or lesser value.

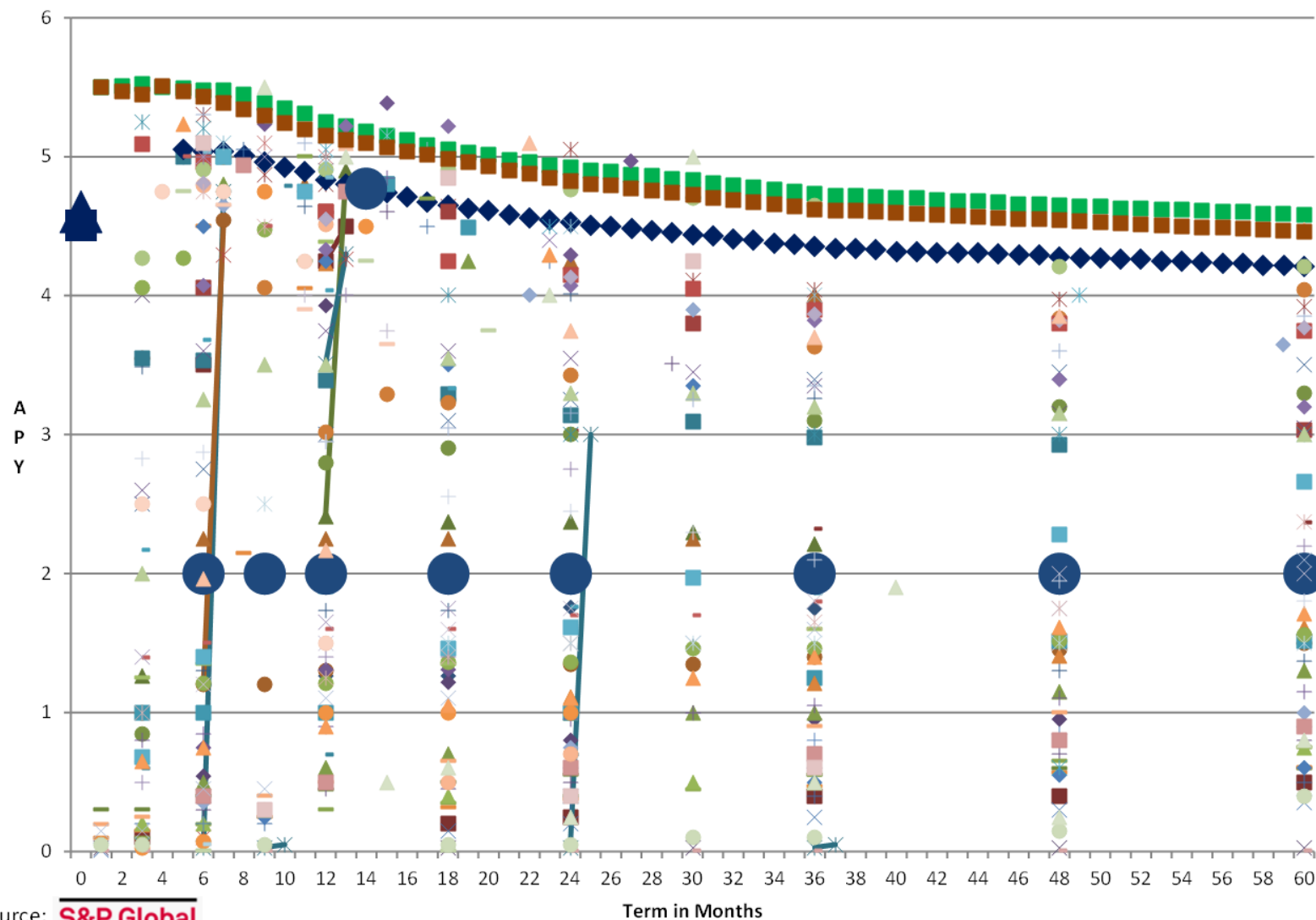
Companion CD must be at least 7 months in term to maturity.

No additional deposits allowed after the original open date without opening another CD.

Current Annual Percentage Yield - APY	4.55%
Time Commitment	None
Penalty for Early Withdrawal	None
Number of Withdrawals Permitted	Unlimited
Type of Withdrawals Required	Personal Request
Number of Deposits Permitted	None
Minimum Balance Monthly Fee If account falls below \$100	\$0

<https://thefinancialbrand.com/news/bank-marketing/banking-rates-deposits-accounts-cd-savings-73678/>

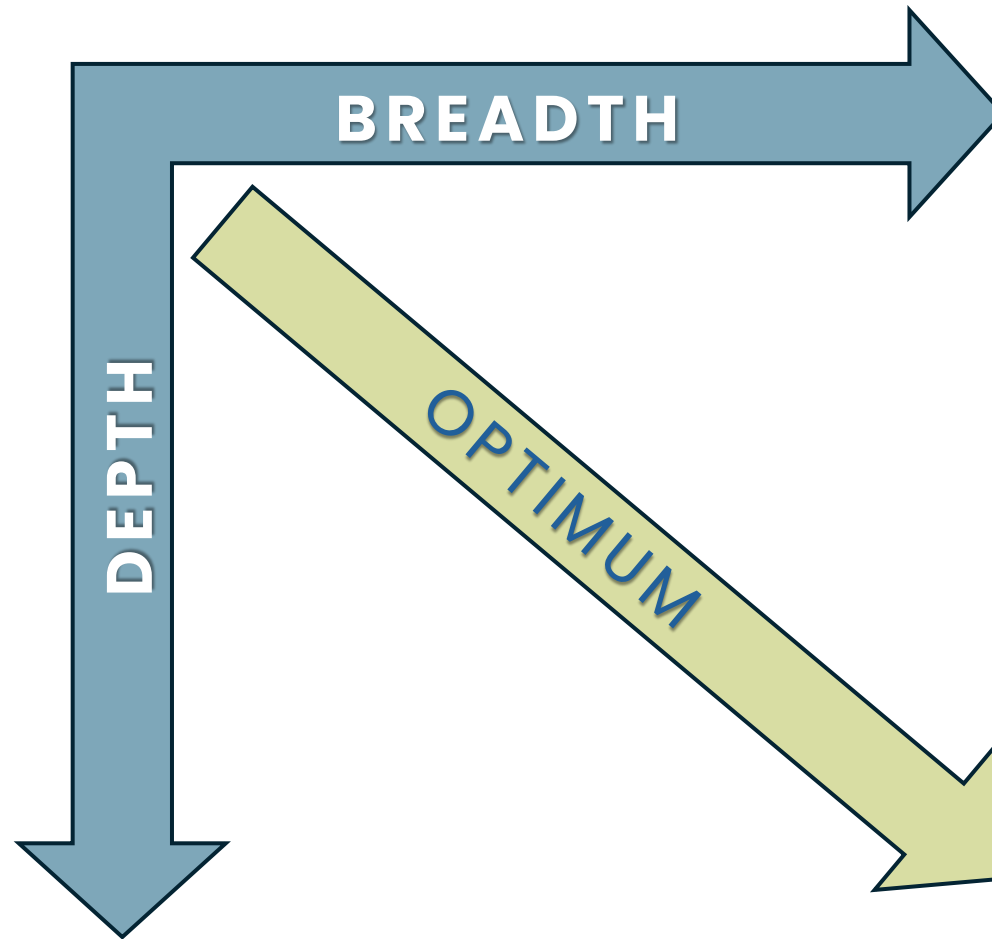
The Deposit Interest Rate Environment



Source: S&P Global

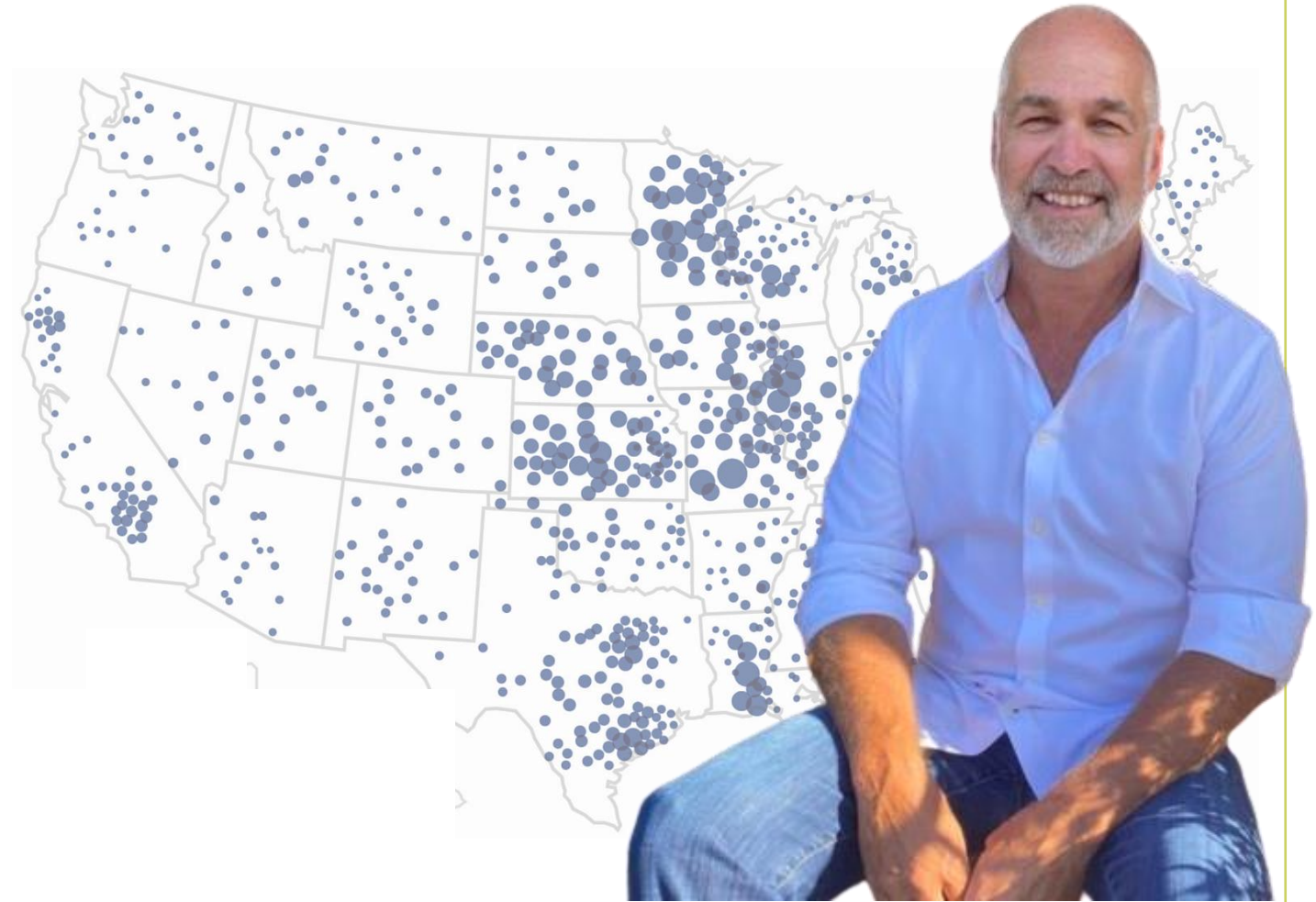
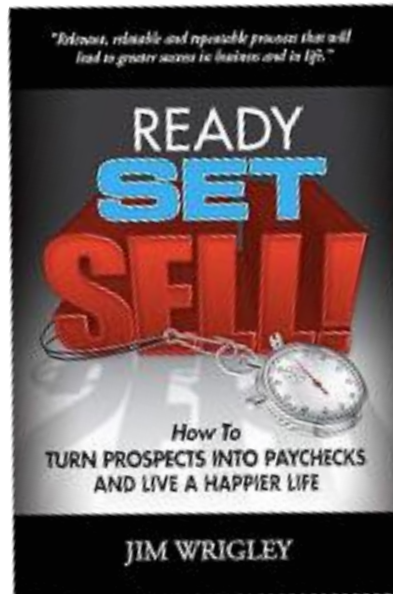
The Paradox of Growth in Deposits

September 2024



Jim Wrigley

EVP – Growth Strategy



The KEY to Growth is the DEPTH of your relationships.



Selling is not a bad word
if it's about providing
members what they
need to be more
successful.

We address the problem of:

- Fostering meaningful connections
- Enhancing financial literacy
- Streamlining personalized communication

Our solution delivers:

Verified growth in deposits and loan balances*
by engaging your often-overlooked digital
member base.



**as presented in monthly management reports with actual metrics*

The Path to Guaranteed Growth

1



Engage and Understand

By understanding your core data (w/an assist from some AI insights) you can show your account holders “you know them” with engaging, personalized offerings.

2



Target and Personalize

Create unlimited, targeted campaigns that deliver personalized, tailored offers and messages in OLB, mobile, email and text.

3



Measure and Celebrate

Close the marketing loop with performance metrics to optimize campaigns – and review detailed reports on new accounts, revenue and deposit growth generated.



Expense

A challenge solvable by money alone is not a problem —it's an expense.



Investment

An expense that generates returns becomes an investment.



Solution

An investment with documented returns transforms into a solution.



Outsourcing

When time and effort impede implementation, outsourcing unlocks the solution.

How to approach customer interactions?

Sell



Help

~~Use persuasive techniques to convince members to act.~~

Focus on understanding customer needs and providing valuable solutions.

DeepTarget Closes the Gap

Helping members to be more financially successful is an easy, automated process.

We analyze data from your core to send the right personalized information to the right people at the right time.

Deposit Balances GrowthGrid™

Data Driven new deposit balances report

ACCOUNT BALANCES					
Account Type	Apr 24	May 24	Jun 24	Jul 24	Total
CD	\$868,442.29	\$1,883,177.97	\$2,047,254.52	\$1,160,508.63	\$5,959,383.41
Checking	\$82,138.06	\$15,463.48	\$246.00	\$23,992.62	\$121,840.16
IRA	0	0	0	0	0
Money Market	0	0	0	0	0
Savings	\$42,277.66	\$54,143.42	0	0	\$96,421.08
Total	\$992,858.01	\$1,952,784.87	\$2,047,500.52	\$1,184,501.25	\$6,177,644.65

Note: Each blue green cell shows the total balance for new deposit accounts opened that month for that specific deposit account type - CD, Checking, etc.

Loan Balances GrowthGrid™

Data Driven new loan balances report

ACCOUNT BALANCES					
Account Type	Apr 24	May 24	Jun 24	Jul 24	Total
Consumer Loan	0	0	0	0	0
Credit Card	0	0	0	0	0
HELOC	\$798.40	\$9,537.51	\$51,204.27	0	\$61,540.18
Home Equity Loan	0	0	0	0	0
Mortgage	\$679,432.00	\$120,000.00	\$556,999.00	\$901,600.00	\$2,258,031.00
New Auto	\$214,217.97	0	\$260,533.11	\$168,859.72	\$643,610.80
Personal LOC	0	0	0	0	0
Recreational Vehicle Loan	0	0	\$56,850.00	0	\$56,850.00
Used Auto	\$509,548.09	\$441,575.55	\$789,187.62	\$612,936.48	\$2,353,247.74
Total	\$1,403,996.46	\$571,113.06	\$1,714,774.00	\$1,683,396.20	\$5,373,279.72

Note: Each blue green cell shows the total balance for new loan accounts opened that month for that specific loan account type, e.g. Consumer Loan, Credit Card, etc.

A credit union with an asset size of \$450 million,
pays \$20,500 per year for DeepTarget's Professional Tier
– that is \$1,708 monthly.



Account Type	Jul 24	Total	Total Revenue
Loans - Retail			
Consumer Loan	0	0	0
Credit Card	74	74	\$3,700.00
HELOC	0	0	0
Home Equity Loan	0	0	0
Mortgage	5	5	\$5,000.00
New Auto	5	5	\$1,500.00
Personal LOC	0	0	0
Recreational Vehicle Loan	0	0	0
Used Auto	27	27	\$2,700.00
Deposits - Retail			
CD	63	63	\$3,150.00
Checking	6	6	\$19.98
IRA	0	0	0
Money Market	0	0	0
Savings	0	0	0
Commercial			
Commercial Credit Card	0	0	0
Commercial Deposit	0	0	0
Commercial Loan	0	0	0
Other			
Other	16	16	\$0.00
Unassigned	0	0	0
Total	196	196	\$16,069.98

In July, that same credit union generated \$16,069.98 in **new monthly recurring revenue (MRR)**.

An FI of this size would have spent only \$1,708 for our services.

Total	\$16,069.98
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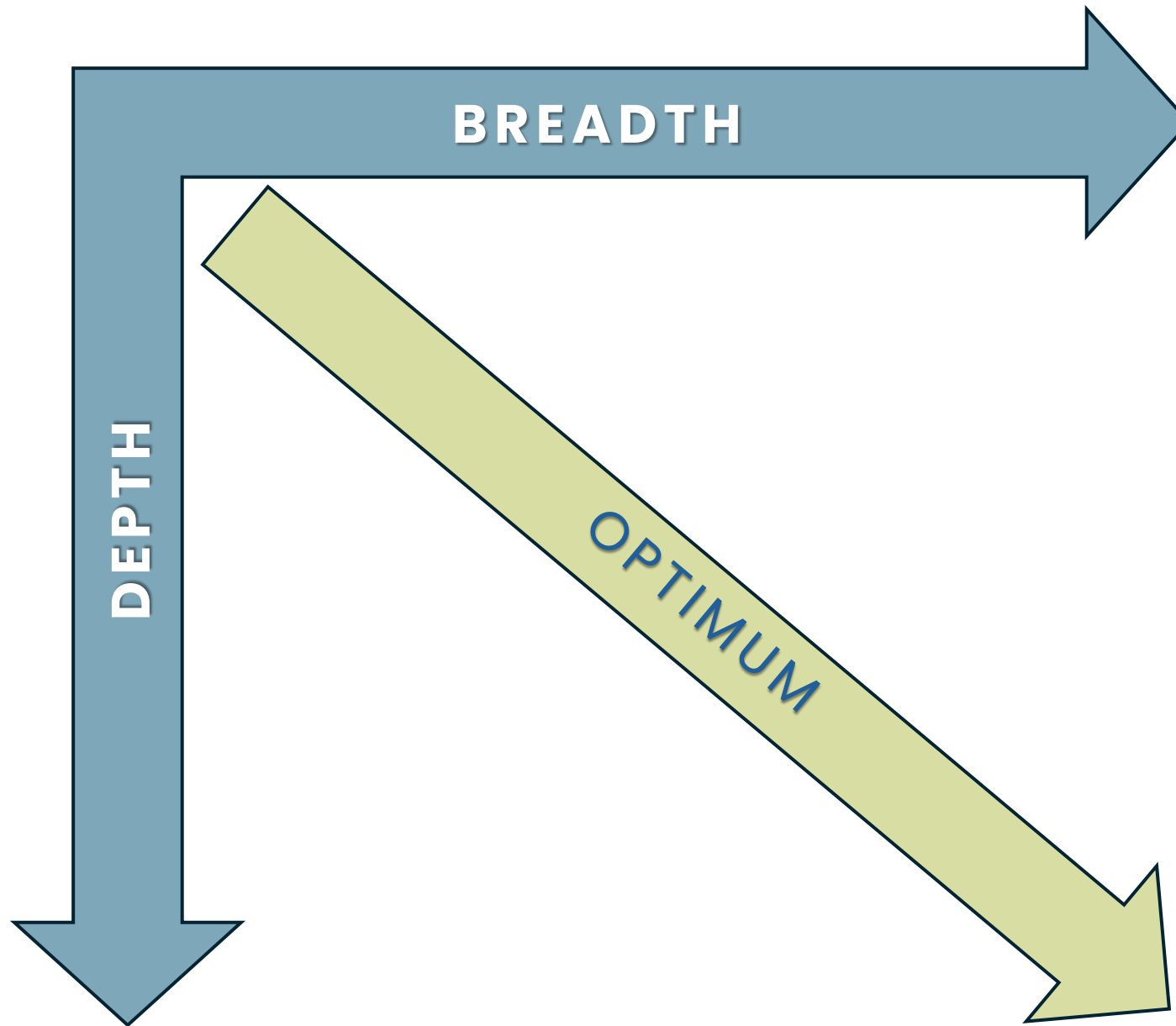
Account Type	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Total	Total Revenue
Loans - Retail									
Consumer Loan	0	0	0	0	0	0	0	0	0
Credit Card	7	8	9	7	0	0	74	105	\$5,250.00
HELOC	0	1	2	1	1	1	0	6	\$600.00
Home Equity Loan	0	0	0	0	0	0	0	0	0
Mortgage	2	1	2	5	1	6	5	22	\$22,000.00
New Auto	0	1	1	3	0	7	5	17	\$5,100.00
Personal LOC	0	0	0	0	0	0	0	0	0
Recreational Vehicle Loan	0	0	0	0	0	4	0	4	0
Used Auto	16	13	20	27	22	30	27	155	\$15,500.00
Deposits - Retail									
CD	86	80	100	60	73	68	63	530	\$26,500.00
Checking	17	21	10	24	7	2	6	87	\$289.71
IRA	0	0	0	0	0	0	0	0	0
Money Market	0	0	0	0	0	0	0	0	0
Savings	21	43	45	37	19	0	0	165	\$8,250.00
Commercial									
Commercial Credit Card	0	0	0	0	0	0	0	0	0
Commercial Deposit	0	0	0	0	0	0	0	0	0
Commercial Loan	0	0	0	0	0	0	0	0	0
Other									
Other	3	4	2	6	4	2	16	37	0
Unassigned	0	0	0	0	0	0	0	0	0
Total	152	172	191	170	127	120	196	1128	\$83,489.71

Here is their performance YTD. They have generated \$83,489.71 in new recurring revenue.

1128 \$83,489.71

DEMO



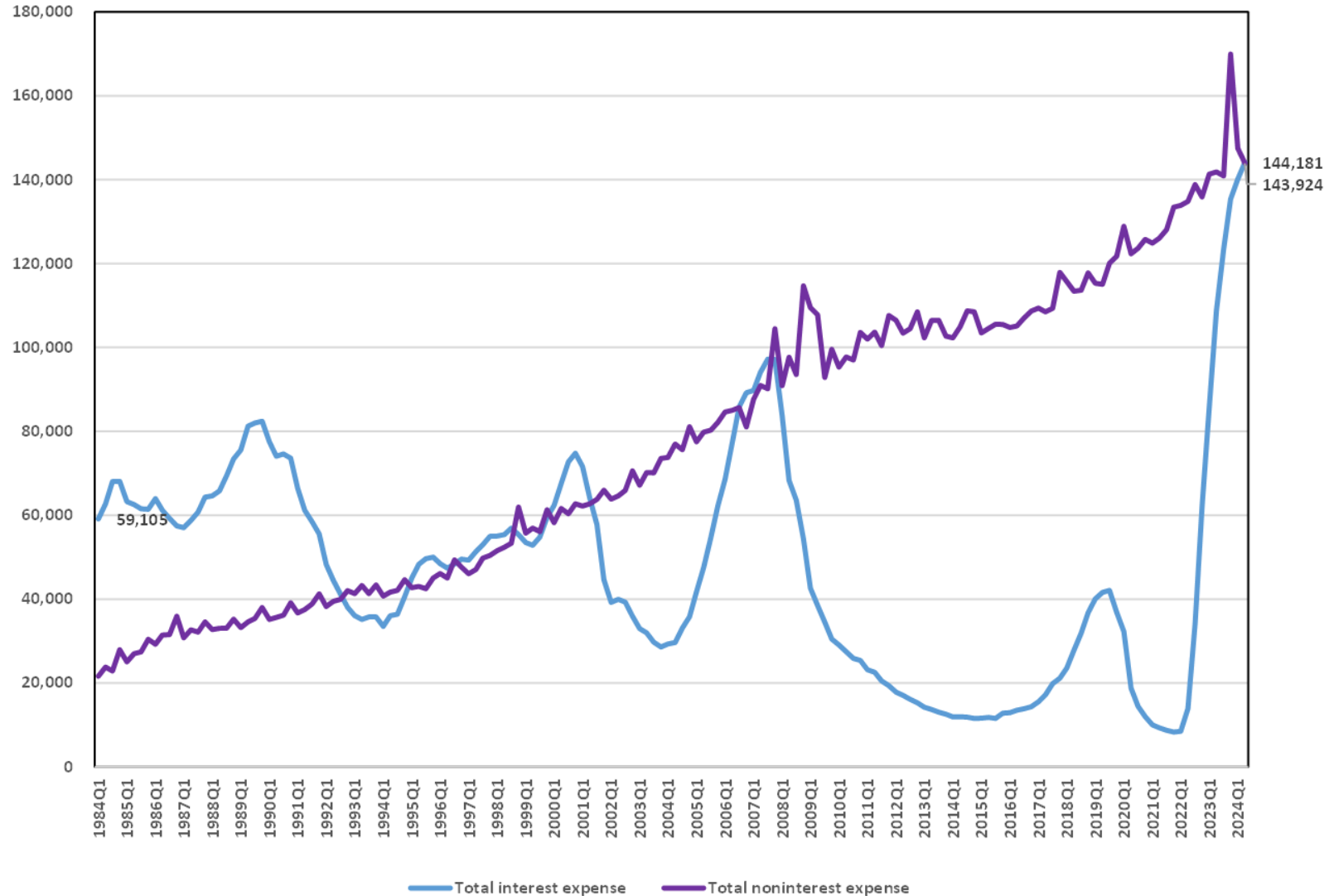


How will you
use your digital
banking real
estate to better
serve your
members?



Quarterly Expense for All Banks

Source: <https://www.fdic.gov/system/files/2024-08/quarterly-income.xlsx>



https://www.linkedin.com/posts/neilstanley_fdic-banking-finance-activity-128952836414251008-xgpC?utm_source=share&utm_medium=member_desktop

Consider the Financial Pain of Inaction

CoreCD® Value Calculator

Sample Financial Institution

			Bank	Peer	Percentile
UBPR Data	As of 03/31/2024	Time Deposits Interest Cost	4.82%	4.16%	91
		Interest Cost Above Peer	0.66%		
Call Report Data	As of 03/31/2024	M.3.b	800,000	Time Deposits <=\$250K Maturing in 12 Months or Less	
		M.4.b	200,000	Time Deposits >\$250K Maturing in 12 Months or Less	
		Total	1,000,000	Time Deposit Maturing within 12 Months	
1,000,000,000	Volume of Accounts Impacted per Year				
0.400%	Expected Cost of Funds Impact from CoreCD®		Recovering	61% Of the Amount Above Peer	
12	Average CD Term in Months				
4,000,000	Expected Annual Profit Improvement from Cost of Funds Improvement Alone				
80,000,000	Minimum Enhanced Deposit Growth Volume				
1.00%	Profitability of New Funds				
800,000	Additional Annual Value from New Deposits				
\$ 4,800,000	Total Value Improvement				
\$ 400,000	Cost of Waiting a Month				

Resources Available for You

Specific Ideas to Win More Properly Priced Deposits

Interest Bearing Deposit Best Practices Checklist

Interest-Bearing Deposit Best Practices Checklist



- ☐ Develop an efficient and effective system to offer deposit accounts with pricing that is systematically in each category 1) Disclosed, 2) Promoted, 3) Negotiated, and 4) Retention
- ☐ Extend offers in sequence rather than a mass dump and assuming an order-taking posture.
- ☐ CD specials should be rare and offense oriented. Time and define CD promotions by maturity schedules.
- ☐ Use the Balance-Builder approach with standard tiering and incentive pricing for ongoing deposit growth.
- ☐ Display dollars. To bring relevance to the decision-making process of each depositor, the representative should be equipped to talk to their depositors in terms of dollars.

Video Training

Easy to Access 3-10 Minute Sessions

https://www.youtube.com/@the_corepoint





Q+A Time