



Low-Cost Deposits

deposits business customers funding

Summary: No matter your bank's situation, there are still some ways to hunt and win valuable deposit customers.

We found it interesting that Q1 data shows 5,362 FDIC-insured financial institutions, and of those, 87% were identified as commercial banks while 13% were savings institutions. When you look at the asset data grouping: most were commercial lenders (53.2%), followed by agricultural banks (24.5%), all other less than \$1B in assets (7.9%) or mortgage lenders (7.4%). The remaining five categories filled in the rest.

Regardless which category you find your institution in, there is no doubt that from time to time you may need more deposits, and the very best kind are of course low cost core deposits.

No matter your bank's situation, there are still some ways to hunt and win valuable deposit customers.

To get going on evaluating your options, here are some steps worth considering perhaps.

Analyze some data. Look at each area that your institution serves and separate them by zip code. Then analyze that data to determine how many households bank with you, how profitable those accounts are and then bucket them into groupings to look for insights. Once gathered, this information can help you choose the geographic areas where you may want to concentrate marketing efforts to optimize the impact.

Identify commonalities. Look through deposit accounts to determine commonalities. For example, if many of your business accounts are connected to a particular industry, then consider approaching other firms in that line of work or designing products likely to appeal to that niche.

Leverage your identity. If your bank has a particularly strong identity, it could be another potential basis for new deposits. For example, maybe you're known for quirkiness or fun or something else. Look to design marketing efforts to specifically target and appeal to like-minded prospects with a twist toward deposits.

Re-engage customers. Another good opportunity may exist within your list of existing customers who haven't visited one of your branches in the past 90 days or longer. One community bank we know in FL looked for personal accounts with balances of at least \$10K and business accounts with a minimum of \$5K. They then had their bankers call to touch base with these customers. The focus was to avoid pushing products, but rather to discuss whatever subject customer interest dictated. This single effort brought in \$2mm in new deposits from this group of customers.

Work the list. In another deposit and sales approach that worked out, a community bank we know in WV reached out to customers identified as having underused accounts. Leveraging that list, its bankers then had 12k conversations that led to 2k individual product sales. The bank has grown its deposits by 16% since this effort began in 2017.

Build partnerships. Yet another Midwestern community bank we know collaborated with a nearby gym on a marketing effort designed to fit New Year's resolutions. The initiative helped the gym sign up new members, while also yielding new deposit flows and customers for the bank.

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