# Saving Apps For Deposit Opportunities

by Steve Brown Topics: funding, customer experience, fintech

**Summary:** One way to ramp up your deposits is to help customers save using apps.

Be sure to tell your customer-facing teams that if they want to be remembered, it is important to smile. Research has found that doing so when you meet someone helps them remember you later.

As you ramp up your smiling today, you might also be pleased to know that helping customers save using apps can ramp up your deposit accounts.

You can build your own app, or work with a company that already has one and meets your vendor and cyber risk management requirements, perhaps.

One way to begin is for your bank to act as a behind-the-scenes custodial financial institution. In this capacity, you might be able to hold deposits from a fintech's savings app in separate accounts for each user. This has BSA and other requirements to follow, but you might also get the benefit of receiving additional low-cost deposits from users outside of your physical branch footprint. These additional low-cost deposits could improve your net interest margin, as well as boost your flexibility.

Another option is to work with a fintech who lets users of its savings app link to their own savings account. In this way, you might be able to entice your own customers to open a savings account and link the account to the app. This might help you establish a co-branded platform, linking it to your general website and banking app, for example. You could also advertise the offering in branch marketing materials.

These efforts might bring in more low-cost deposits and also perhaps even build more customer appreciation and loyalty. After all, you are directly or indirectly offering the flexibility of a savings app and helping your customers save the way they want to save. Customers will like that you care enough to help them with their financial goals, whether it's to create a rainy day fund for emergencies or something else.

These methods might also produce cross-selling opportunities. You could recommend additional products, based on how app users spend savings dollars, perhaps. Most fintechs at this point can't offer the variety of financial products that you can, so their users would have access to additional services seamlessly.

If your board is interested in such opportunities, research and due diligence will be ultra-important, of course. Once you have come up with a short list of contenders, determine which offerings best fit within your own business model and which ones work with your core provider too. Be diligent in your risk management and you might find something good here to help your institution and your team attract and retain customers in the New Year.

# BANK NEWS

**Banking Provisions**

Some banking provisions tucked into the 2020 spending bill passed by the House yesterday and due to be passed by the Senate soon are the following: a provision that would direct the Treasury to conduct a study on potential adverse effects of CECL on regulatory capital; authorization for the National Flood Insurance Program to continue; renewal of the Export-Import Bank through 2026 and the Terrorism Risk Insurance Program through 2027.

**Negative Rates**

A survey by the German central bank finds 60% of German banks are passing on negative interest rates they receive to corporate clients and another 20% are also charging retail customers that hold large deposits. Meanwhile, a $1.8B German cooperative bank is the first one in the country to begin passing on negative rates to all customers.

**New CRA**

The Wall Street Journal reports that the OCC and FDIC proposed an overhaul of the CRA. This CRA proposal makes existing requirements more transparent, provides more lending flexibility and allows credits for loans that do not currently qualify. The Fed is considering a separate overhaul but "officials at all three regulators say they hope they can ultimately agree on a plan."

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