



A Laundry List To Get More Deposits

» deposits business customers funding

Summary: The competition for deposits is fierce, as fintechs and big tech enter an already crowded space. There are many ways to compete here, so we thought we could provide you with some suggestions.

Some of the weirdest places we have heard people stashing cash are: in their high heels, in a TV, in their roof, in the bathroom, and swallowing it. Undoubtedly, all bankers think depositing it is much safer and more practical.

The competition for deposits is fierce, as fintechs and big tech enter an already crowded space. There are many ways to compete here, so we thought we could provide you with some suggestions. One or two or a combination of them could be the winning way to collect more deposits and customers.

First, you can offer higher interest rates. Some financial institutions are opening separate digital-only brands with lower-cost infrastructures to make that more cost-effective. However, your institution can offer high-yield savings accounts through your branches, provided you also find ways to protect your net interest margin (such as tiered rates based on higher deposit balances).

Also, you can incentivize customers to open checking or savings accounts. If they have one, they could open the other easily, with a benefit such as savings tracking for a financial goal. Examples include referral incentives, discounts on loans tied to auto-pay checking accounts, and benefits, like fraud monitoring.

Hybrid deposit accounts are another option. They enable customers to bump up their rate once or twice during the term. This gives them the flexibility to earn some interest while it provides you with the assurance that the customer won't stray before that next rate increase.

There are also other options that may be a little more nontraditional, if you are willing. Gamification through your mobile app to encourage saving makes saving more fun and brings in deposits. Also, you could become the official bank of a college to bring in deposits from the students and co-brand online. Somewhat more direct is the idea of online "account harvesting" -- reaching out to potential customers who might appreciate your particular mission. Even looking to partner with a local travel agency to create a customer Travel Club could be a way to bring in travelers or allow customers special travel discounts.

If you are looking outside of the box, you won't want to stop at simply looking at your customers for options. You can also incentivize employees and encourage board directors to source deposits, making it a company-wide endeavor. You never know all the possibilities out there, if you don't ask.

Of course, M&A is still an option too. Buying other deposit-heavy institutions and/or even partnering with fintechs to be their bank of record that holds deposits is something we are seeing more of these days. A Midwestern community bank not only provides checking and savings accounts to several fintechs, but also finds ways to cross-sell other bank products and services through the partnerships.

There are a plethora of possibilities out there for deposits, so keep brainstorming. Expanding your thinking on deposits to match your strategies will help you better compete in the war for deposits!

AUTOMATED INTERNATIONAL WIRES

Your team can automatically send [international wires](#) using your own existing domestic platform. Learn more by contacting us today.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.