



## Retain Deposits With Technology

deposits business customers funding

**Summary:** Savings rates soared to a high of 33.7% in April of last year. While we are still waiting for a full recovery and more normalized savings rates, you will want to proactively plan to retain deposits for when that time comes. To get you started, we lay out some ways to do this with savings-as-a-service and savings apps, whether in-house or through a partnership.

According to Statista, the US savings rate in October 2020 was 13.6%. While this fell from a whopping 33.7% in April, it is still six percentage points higher than the rate in February 2020. The savings rate will get back to normal levels eventually though. When that happens, you will want to be ready.

As the economy expands and spending increases, we expect that inflationary pressures are likely to cause the cost of funds to increase. When that happens, having a plan in place to retain deposits will put you ahead of the curve. Here are a few ways to do that.

### Savings-as-a-service

Recently, a “savings-as-a-service” offering was announced in the US by a 9Y-old German fintech that is compatible with core systems, such as FIS and Jack Henry. It allows banks and credit unions to offer a customized CD where the customer can choose their own distribution timetable. As the US chief operating officer notes, *“It’s basically allowing banks to offer a distribution time deposit or liquidity time deposit, which covers expected cash outflows.”* This could be a valuable option for many business customers. While it is still fairly new, it may be something to keep your eyes on.

### Savings apps

In the meantime, there are plenty of savings apps out there. But, many of them could take customers away from you. So, how can you make sure to keep deposits at your institution?

**1. In-house.** If you have a savings app already, integrated with your digital banking app, now could be the time to add more features, such as reminders to save on a certain day of the month or having a “round-up” option.

If you have a digital banking app, but haven’t had time to add any saving features, you may want to discuss these options with your digital banking provider. It could be fairly reasonable from both a time and cost perspective, and your customers may appreciate having a way to more easily put money away.

**2. Partnerships.** If you decide not to add this feature to your current digital app (and keep it as a standalone) or you don’t have a digital banking app, you may want to look into a partnership to leverage this functionality. But, be careful. Many of the savings apps have customers move money from their bank account to an account in the app.

There is at least one savings app out there that is partnering with community financial institutions (CFIs). They not only increase CFI customer deposits, but also help CFIs with data analytics to better up-sell and cross-sell their own customers to stay loyal.

Knowing what technologies are out there will help you assist your customers with their savings and money management, which allows you to retain more deposits. As always, ask customers what they want. Then, determine the best way to get there. Ultimately, this will help your institution grow deposits over time and increase your thriving, loyal customer base.

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