



Protect Your Bottom Line During Economic Uncertainty

cash management management productivity

Summary: We could be heading into a recession, or we could be dodging a bullet. No matter the outcome, CFIs should find ways to protect their bottom line during this time of economic uncertainty. We detail some creative ways to make the most of your budget.

We all can learn from how our ancestors saved money during the Great Depression. Hardy people in the 1930s stretched a buck by growing a garden, raising chickens, canning or freezing food, sewing or knitting clothes, making good use out of leftovers by keeping “scrap jars,” and making their own cleaning products. Baking soda, lemon juice, and vinegar can go a long way! Especially during lean times, it’s always good to remember the wise adage: *“Use it up, wear it out, make it do, or do without.”*

While it’s still up in the air whether the country will descend into a full-blown recession, community financial institutions (CFIs) can still protect their bottom line during this time of economic uncertainty. Here are some helpful tips to not only save money, but also to boost alternative revenue, especially if loan demand drops.

Get creative with overhead. You may not need to start laying off valuable employees — instead, look for other ways to lower overhead costs. Consider [automating more tasks so staff can work more efficiently](#). Another option is to let more employees work remotely, if feasible, to cut some on-site expenses, like breakroom supplies.

Leverage more back-office technology. Automating more processes can also significantly boost volume and create more revenue in a shorter period of time. [Roughly half of a CFI’s processes can be automated](#) over time, which can enable your team to work better, faster, and smarter.

Restructure to improve staff productivity. Review your institution’s teams and departments to ensure their effectiveness. Take any opportunities to streamline the design of your organization to increase productivity. An industry blogger from a [financial software company](#) notes, *“You may be able to consolidate or centralize some roles or restructure departments to be more effective.”*

Renegotiate third-party agreements. Don’t auto-renew your contracts with your core provider or other vendors. This can leave money on the table — renegotiate agreements so that you’re not overpaying for services and capabilities you don’t need.

Boost noninterest income. You can boost your treasury management service offerings to bring in more revenue. You could also consider offering multi-tiered services at different price points, such as for identity theft protection, cell phone protection, travel insurance, or even pet insurance.

Diversify business lines. You might be a preferred SBA lender, but it helps to expand your business lines in case demand for such loans drops in the coming year. Although expertise is valuable, it can be detrimental to your business model if you put all your eggs in the same basket, only for the basket to fall.

Cross-sell more by leveraging data analytics. Cross-selling to existing customers is more cost effective than setting up new customers. Investing in [technologies that will provide strong data analytics](#) on the types of products and services your existing customers may be interested in will increase your cross-selling results.

Eliminate redundancies in your products and services. If you add a product or service, make sure you retire older ones that are similar. This will reduce processes and costs. In a recent review of banking products, PwC discovered that generally, just [5% of an institution's products make up 80% of its revenue](#). By simplifying your offerings, you will decrease costs and increase efficiency, now that your institution can focus on the products that have been bringing in the revenue all along.

No matter what the near future holds, finding ways to save money while boosting revenue can help you weather any storm — as well as flourish during the good times.

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ECONOMY & RATES

Rates As Of: 04/07/2023 08:07AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.91	0.06	0.49
6M	4.93	-0.01	0.17
1Y	4.57	-0.03	-0.13
2Y	3.96	-0.06	-0.47
5Y	3.49	-0.09	-0.52
10Y	3.39	-0.08	-0.49
30Y	3.61	-0.05	-0.36
FF Market	FF Disc	IORR	
4.83	5.00	4.90	
SOFR	Prime	OBER	
4.81	8.00	4.83	

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