



Attract Deposits Without Raising Rates

» deposits business customers funding

Summary: Although the top five American banks control most of the US market for deposits, there are still things community banks can do - even without raising rates or decreasing lending.

Experts will tell you that as a homeowner, the top five plumbing issues you may face are blocked drains/toilets, burst pipes, frozen pipes, leaky faucets and water heater installations. Now that you know you can better prepare for the inevitable.

In banking, when one thinks about the top issues around liquidity, the mind quickly goes to how easy funding is or is not. It also may zero in on how quickly assets can be converted into cash in case of emergency.

Attracting deposits is particularly important in the current economic climate, which is one of growing demand for loans. About 91% of small and medium-sized companies say they'll likely maintain or increase capital spending in 2019, and 55% of banks have seen a recent increase in loan demand. That takes funding, so of course deposits are a focus.

Raising deposit rates is one way to maintain and grow funding perhaps, but it comes at a cost for sure. Certainly, more expensive funding shrinks profitability. Although the top five American banks control most of the US market for deposits, there are still things community banks can do - even without raising rates or decreasing lending.

Target Specific Deposit Products. Commercial deposits, treasury management activities, and retail time deposits are all areas in which banks can target growth. Time-deposit sales strategies, such as teaching customer-facing staff to explain and negotiate CD rates and terms, can help to increase the number and value of retail time deposits. It is also a good idea to call customers shortly before their CDs mature to talk about a rollover.

Leverage the Relationship. Enhanced customer service and strategies for strengthening client relationships don't depend on interest rates and they can help attract deposits. Continue to deliver customer-specific financial education and cross-sell based on client needs and product penetration to take advantage of all opportunities. According to McKinsey, using bank data to personalize the customer experience can mean an ROI that's 5-8x greater than whatever money the bank spends on marketing.

Try a Digital Referral Program. Current customers are a great source of growth, so you may want to consider creating a digital referral program. You could advertise it on apps, your website, and social media. Around 71% of bank customers globally talk with friends, family, and colleagues about bank products and relationships. Offer your customers a referral incentive and you may grow your deposits more easily than you think.

Boost Your Bank's Marketing Efforts. Automated marketing, search engine optimization, mobile technology, content marketing, social media, and geo-targeting can all help you get your message out. Today is easier than ever with a variety of software and customized marketing campaigns.

Don't Forget Reciprocal Deposits. Last but not least, [reciprocal deposits](#) can help your bank collect stable, mostly local funds while still insuring over the \$250k threshold. Better still, under the May 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act, reciprocal deposits are no longer considered brokered. This means community banks can attract large deposits more easily perhaps.

INCREASE YOUR NON-BROKERED DEPOSITS

With our [Insured Deposits Solution](#), PCBB can help your bank attract and retain larger depositors, enabling you to increase your non-brokered deposits. Contact sweep@pcbb.com to find out how.

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