



What Are Bankers Doing About Revenue Growth in 2023?

strategycorps 



Mike Branton

Founding Partner

mike.branton@strategycorps.com

@Mbranton2222



What StrategyCorps Does

We provide analytical and product solutions that optimize the performance of consumer checking:

- **Financial Productivity.** Increased deposits, revenue and profitability from existing households
- **Product Differentiation.** Features and dynamic pricing to more successfully compete for new customers against growing number of competitors and excite your bankers
- **Primacy.** Better engage your customers by offering better products – making your FI more likely to be their Primary FI or for your FI to remain their Primary FI



604

average increase in account balance



5.9

more debit card swipes per month



0.6

more OD/NSF frequency annually



3.75

3.75X increase in consumer-friendly
monthly recurring revenue



The Payoff

\$500,000 of new annual revenue for every one billion dollars of assets

The combined typical financial impact of optimizing performance in these three areas

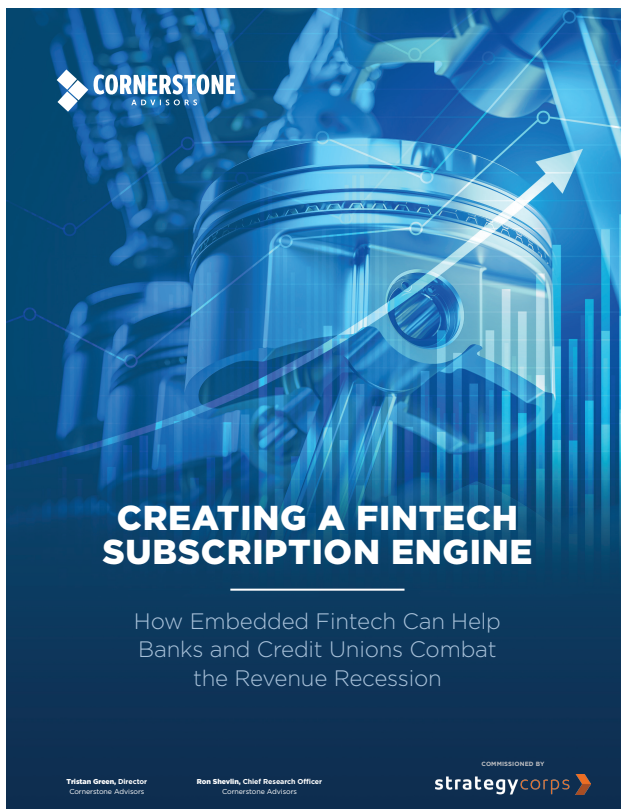




REINVENTING CHECKING ACCOUNTS

RON SHEVLIN
Director of Research
Cornerstone Advisors

A WHITE PAPER COMMISSIONED BY
strategycorps



CORNERSTONE
ADVISORS

CREATING A FINTECH SUBSCRIPTION ENGINE

How Embedded Fintech Can Help
Banks and Credit Unions Combat
the Revenue Recession

Tyler Green, Director
Cornerstone Advisors

Ron Shevlin, Chief Research Officer
Cornerstone Advisors

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strategycorps



Revenue Recession Realities

The Bankers' Perspective

Banking Industry Research by
strategycorps



GETTING OVER AND BEYOND OVERDRAFTS

The Bankers' Perspective
2022

Banking Industry Research by
strategycorps



2023 Revenue Challenges What Bankers Are Planning

The Bankers' Perspective



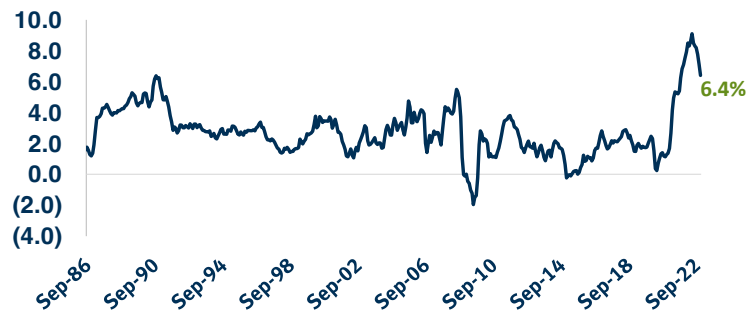
Banking Industry Research by

strategycorps

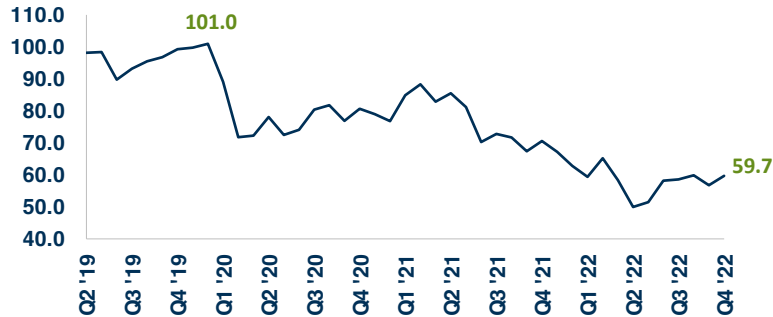


Economic Indicators are Signaling Recession

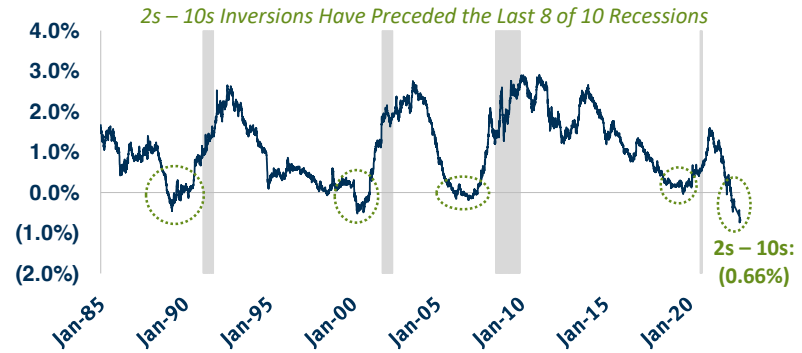
Consumer Price Index (Y-O-Y % Change)



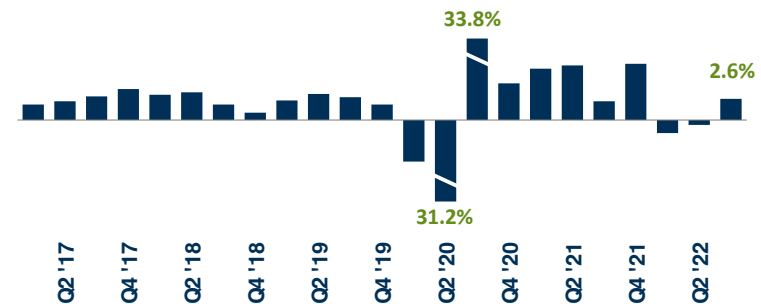
Consumer Confidence



2-10 Year Spread



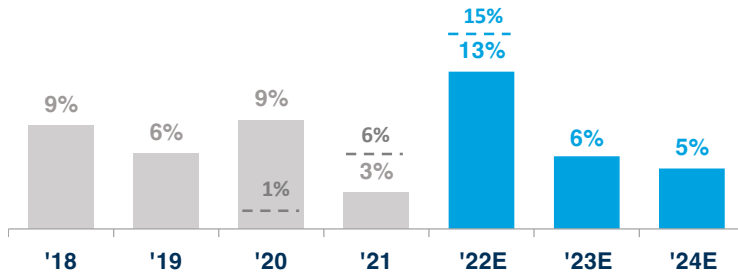
U.S Real GDP Growth (%)



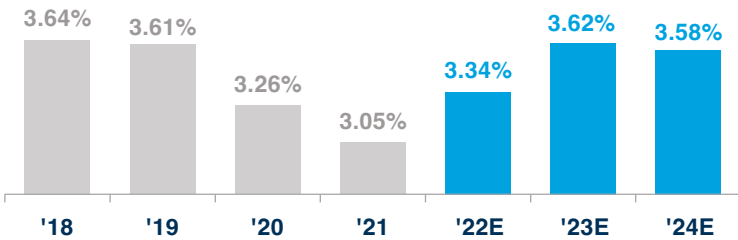
KBW Outlook – *Slowing Growth*

Loan Growth

----- Excl. PPP

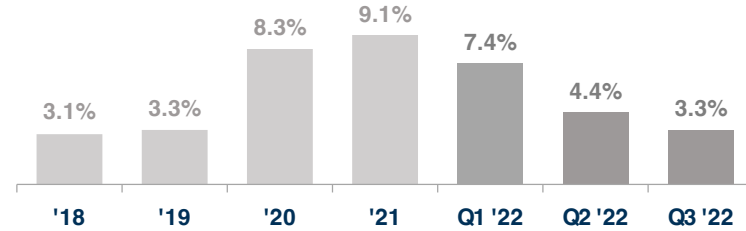


Margin Expansion

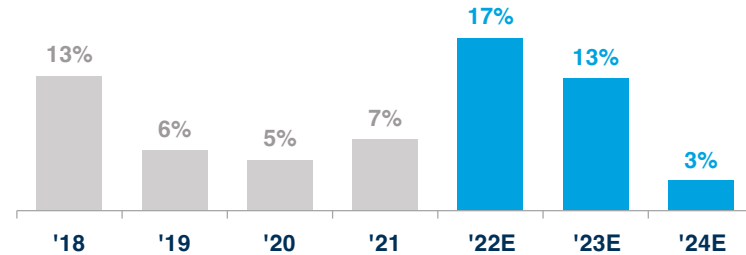


Excess Liquidity

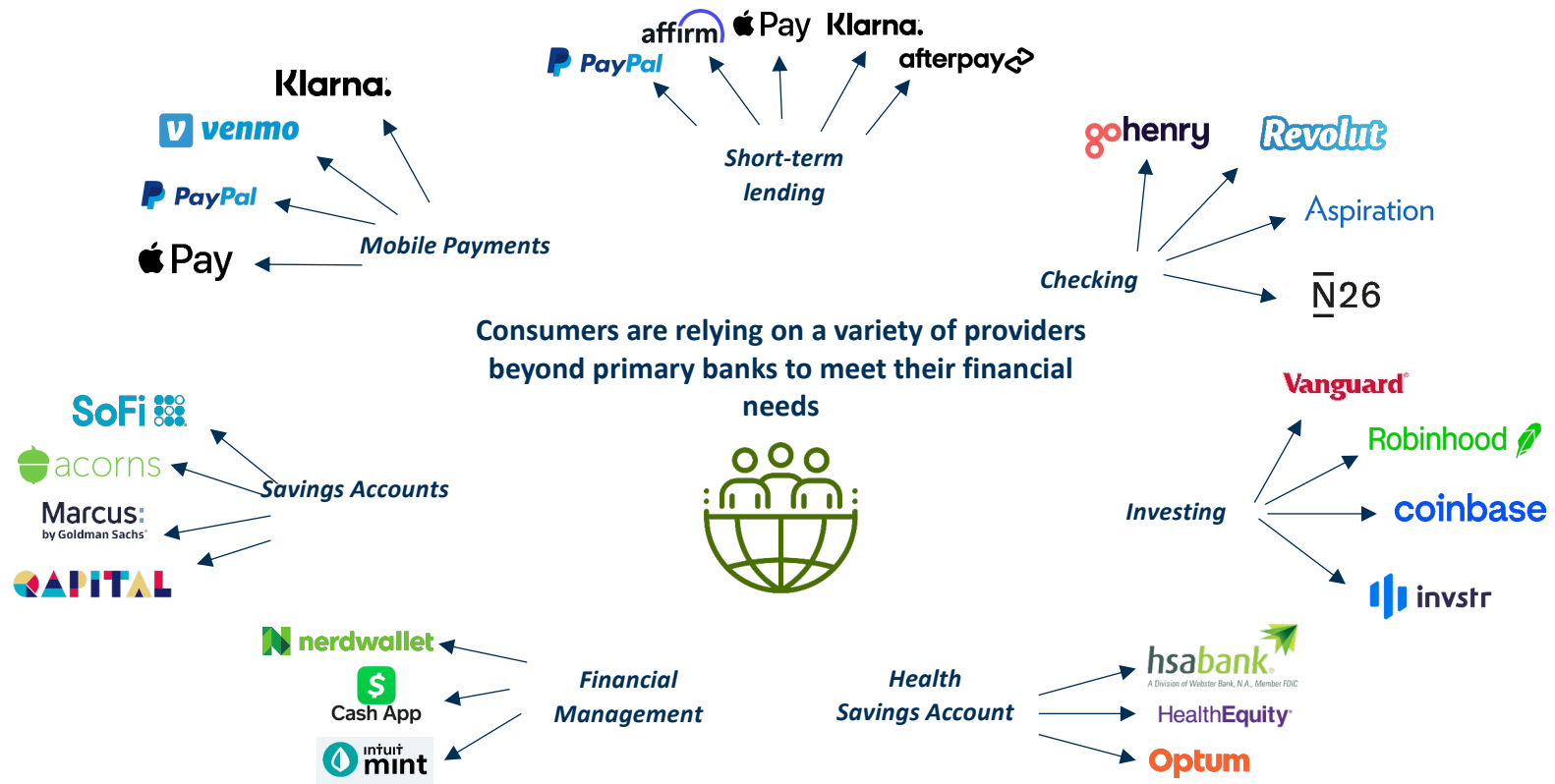
Cash & Equivalents / Average Assets (%)



Net Interest Income Growth



A Multitude of FinTechs Have Stepped in With Better Digital Experiences



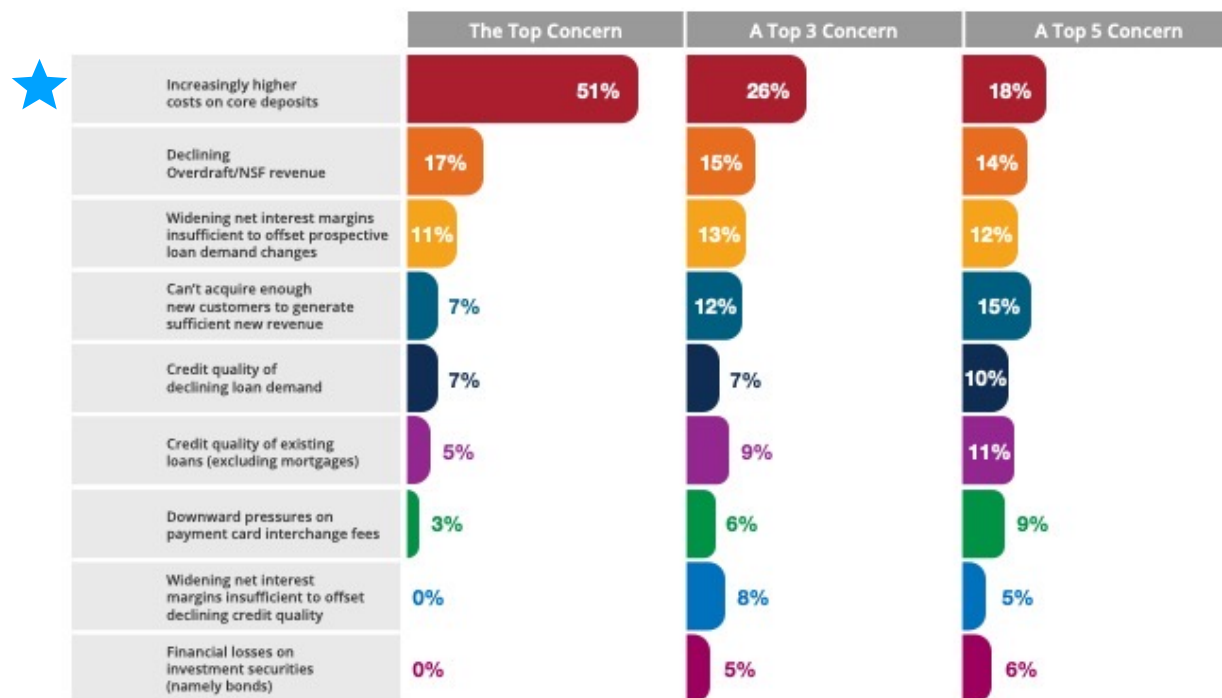
INQUIRIES

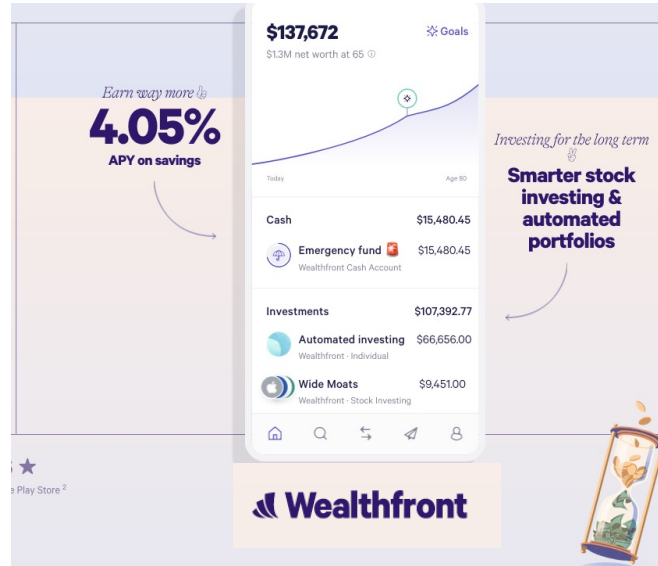
- 01** What are the top revenue concerns facing your financial institution in 2023?
- 02** What are your action plans for overdraft/NSF policy and fee changes?
- 03** What are your action plans for loan quality and demand?
- 04** What are your action plans to address slow/no growth payment card interchange fees?
- 05** What are your plans to address the higher cost of core deposits?
- 06** What are your action plans for new customer growth?
- 07** Please tell us your area(s) of responsibility



01 What are the top revenue concerns facing your financial institution in 2023?

(Please rank order at least your top 5)





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Fee-free online savings with one of the nation's top savings interest rates.

3.40% APY

Variable APY | No fees or minimums
Earn interest rate on any balance

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4.55% APY*

Make the most of your money and earn up to 4.55% APY* on all balances. UFB Preferred Money Market offers the security of a savings account with check-writing privileges.

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Product features



Rate

- 4.25% APY²
- 4.16% Interest Rate²



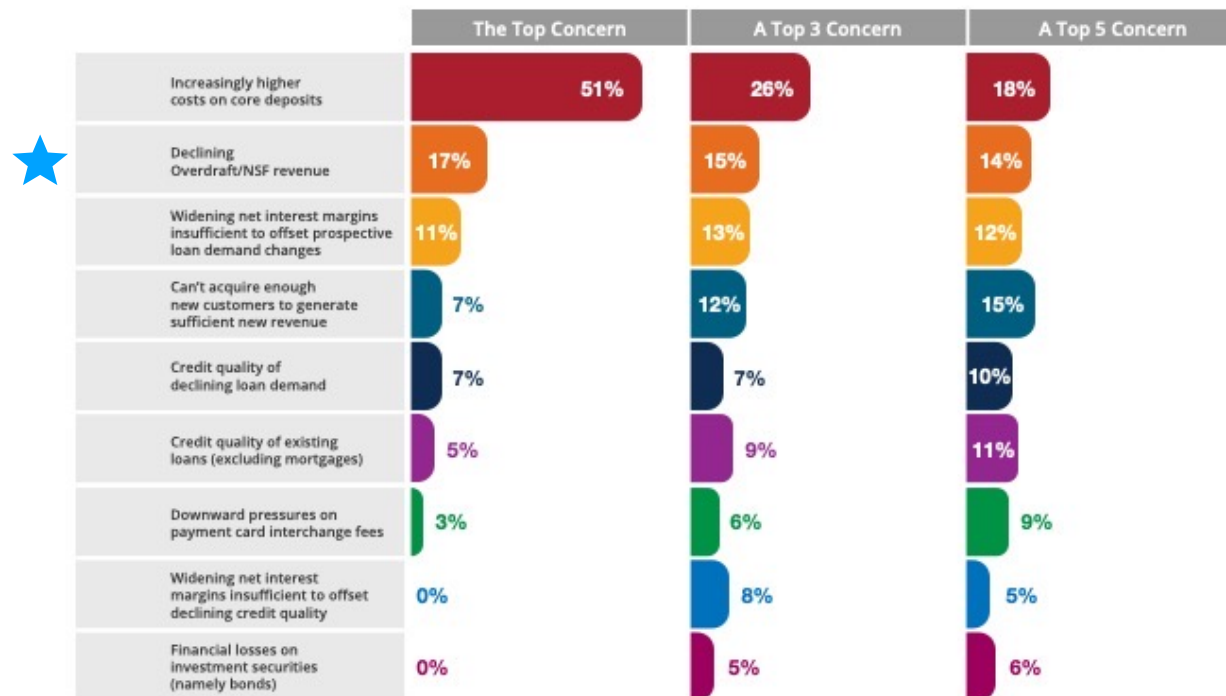
Balances

- \$100 minimum opening deposit
- FDIC insured⁴
- Maximum deposit limit of \$1 million per account and \$10 million limit per customer



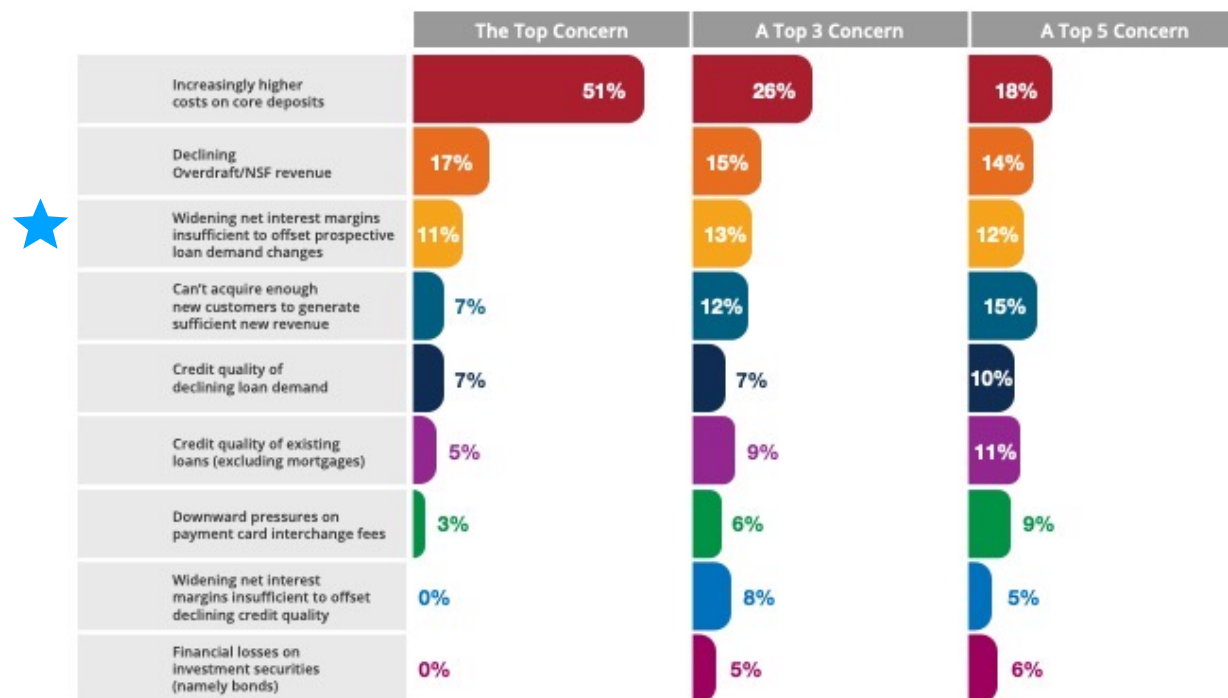
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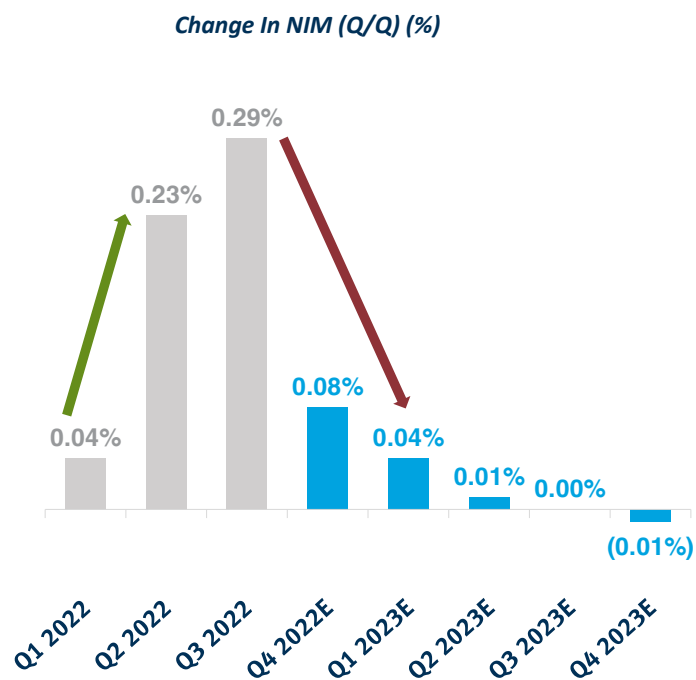
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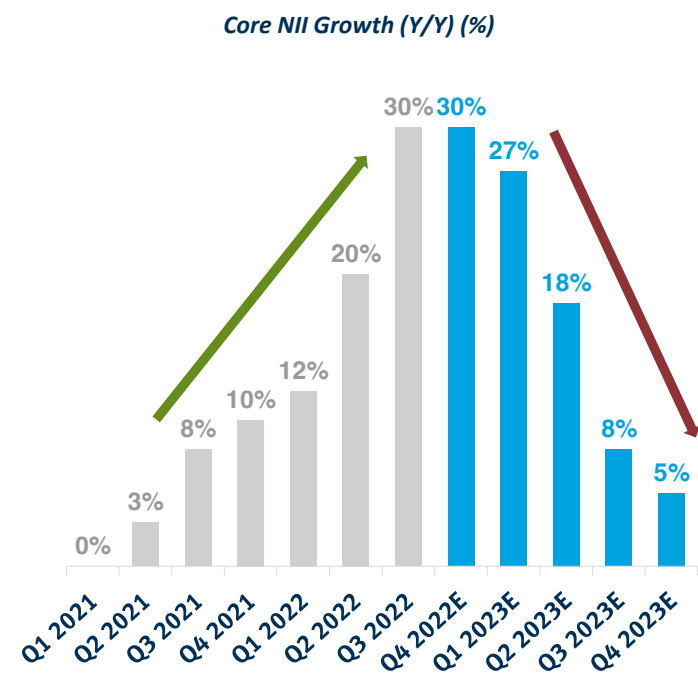


KBW Outlook – *Peak Revenue Growth is Now*

Core NIM Expansion Is Over

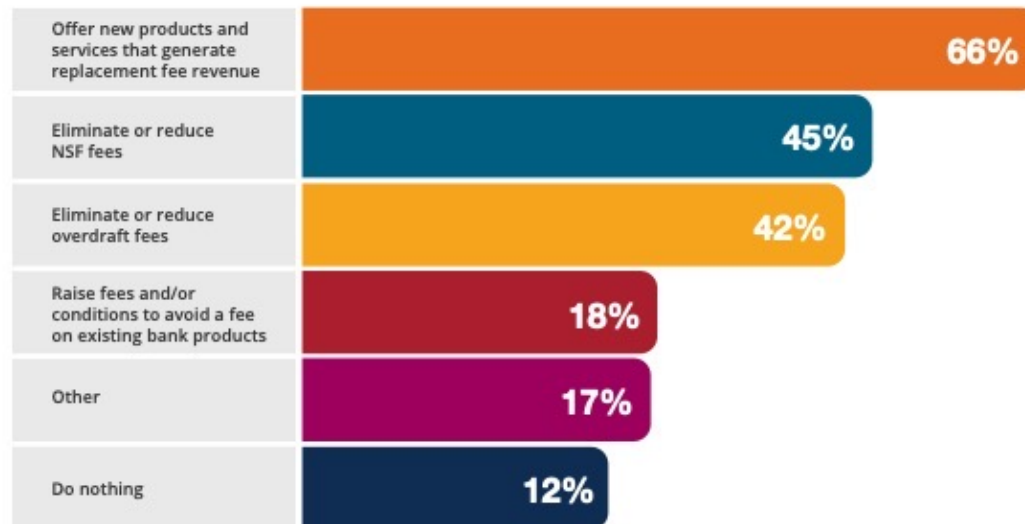


Peak NII Growth Is ~~Here~~ Over



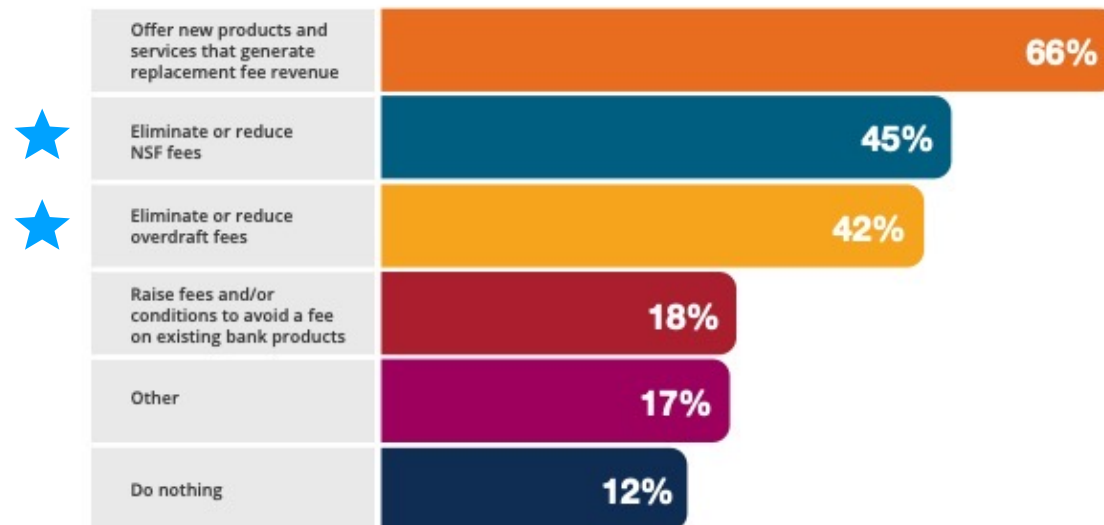
02 What are your action plans for overdraft/NSF policy and fee changes?










(select up to 3 top actions)



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(select up to 3 top actions)



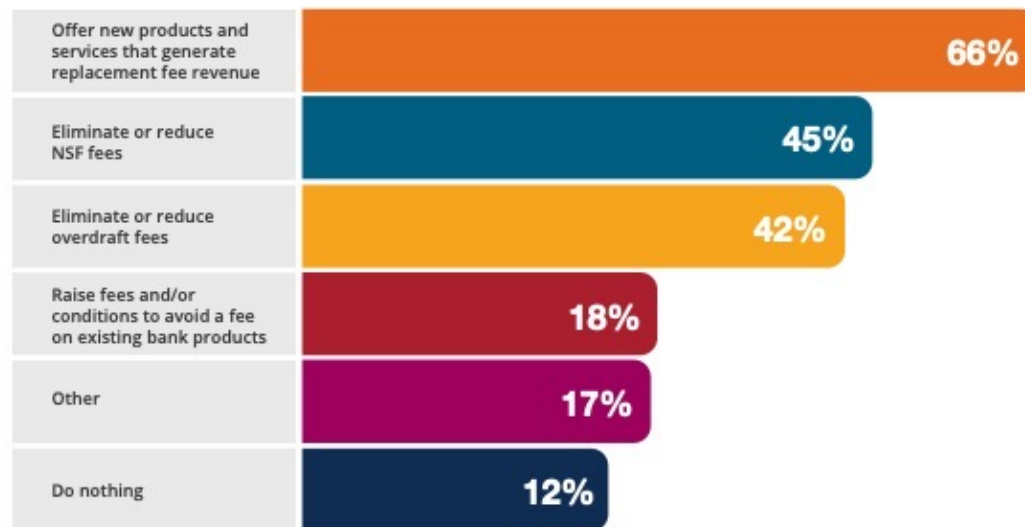
			max \$	Extended	grace	grace	Jan 2022 Changes
		per day	per day	OD Fee	amount	period	
	\$35	3	\$102		\$50		\$0 for NSF; 1 day grace period; early direct deposit
	\$35	4	\$140		\$1		\$0 for NSF; reducing OD fee to \$10; \$0 OD transfer fee
	\$35	3	\$105			9 am next day	\$0 for NSF; early direct deposit
	\$34	4	\$136				eliminating all OD fees
	\$36	4	\$144	\$36 - 8 days			\$0 for NSF; \$50 grace amount; 24 hour grace period; smart alerts
	\$36	6	\$216	\$36 - 7 days	\$5		Truist one account with no OD fees; credit lines up to \$750; "alternative account" available with no OD Fees
	\$36 - OD \$0 - NSF	1	\$36		\$5	24 hour	already had low cash mode - alerts, grace periods, and transaction controls
	\$35	3	\$105		\$10		24 hour grace period; \$50 grace amount; balance alerts
	\$35	1	\$35		\$5	next day grace	eliminating all OD Fees; will approve overdrafts up to unspecified amount if you've deposited \$250 in 2 out of previous 3 months; already had early direct deposit

Source: as of October 2021 per bank websites



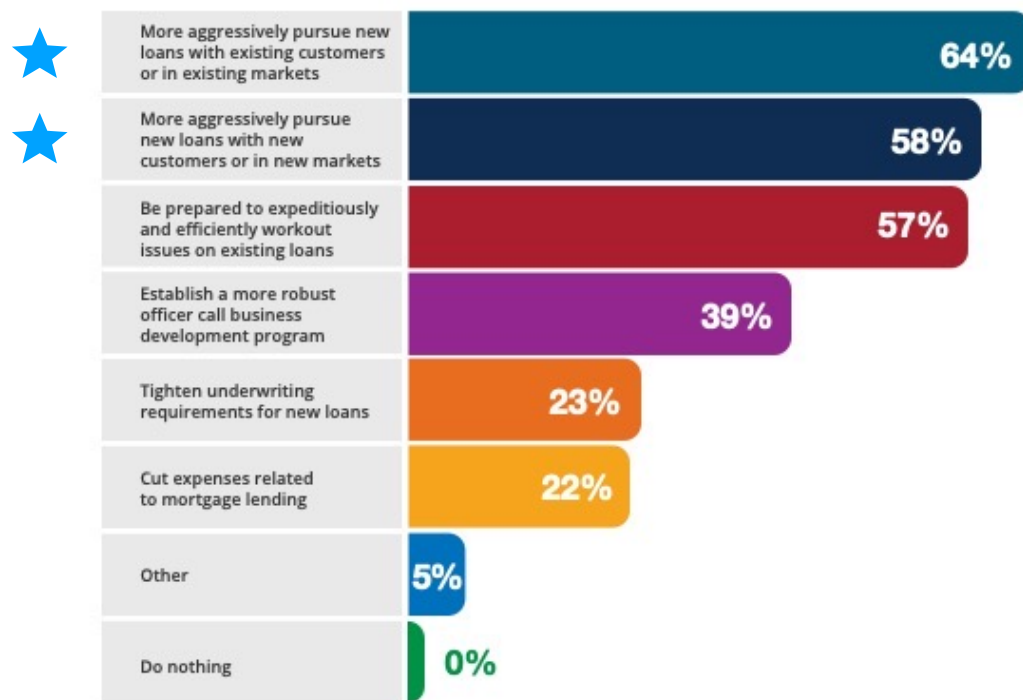
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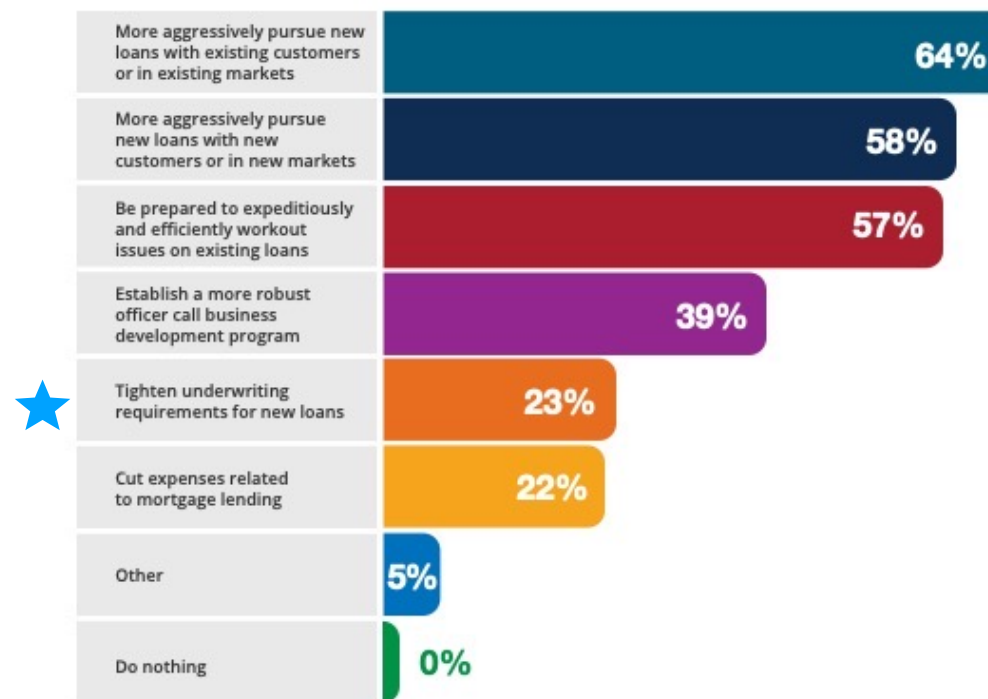
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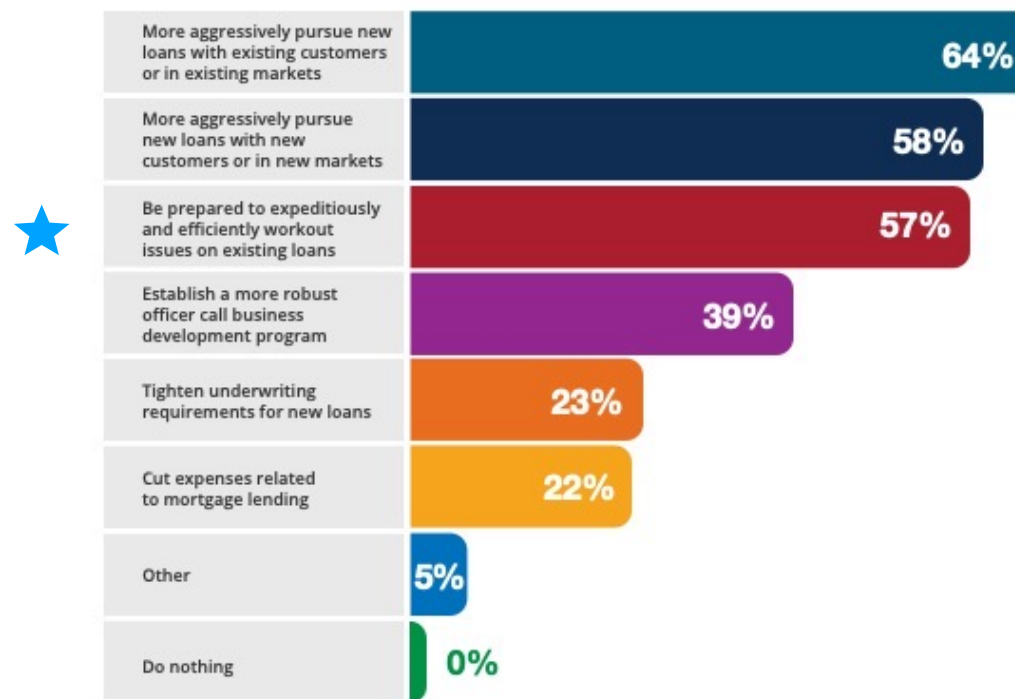
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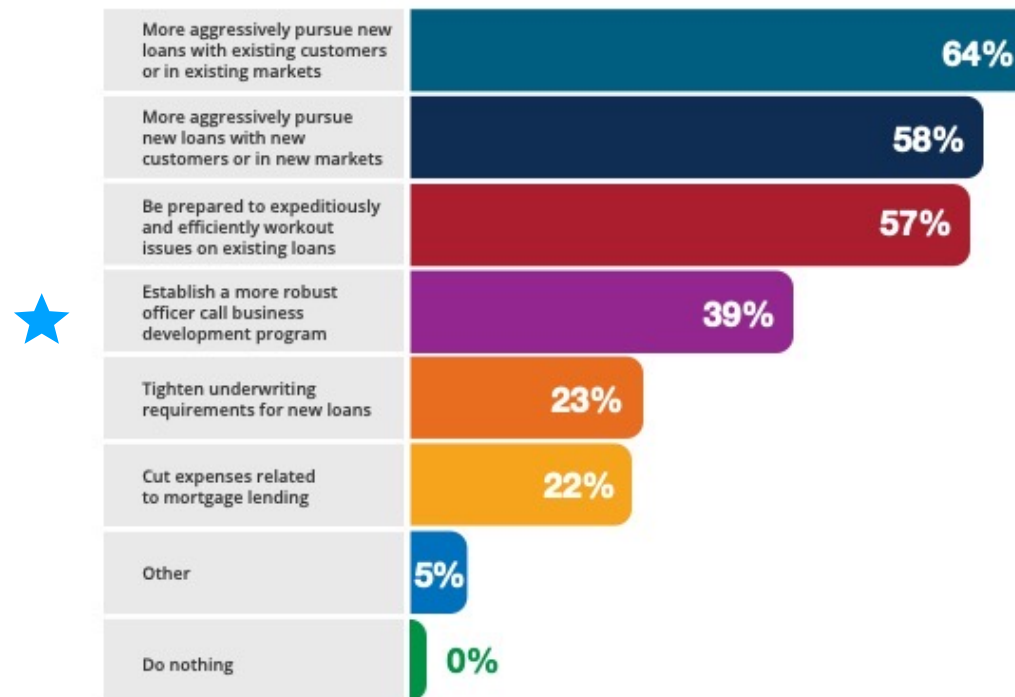
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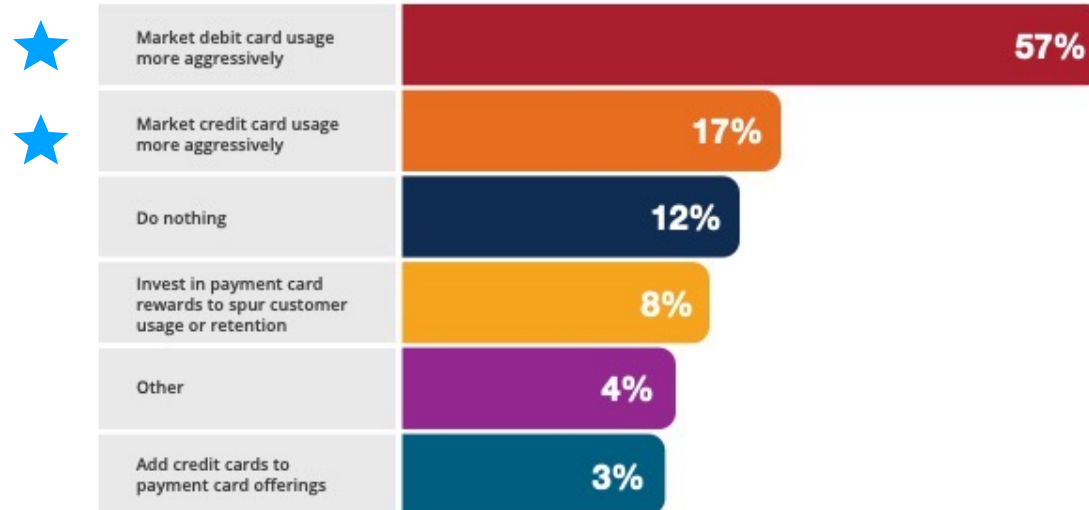


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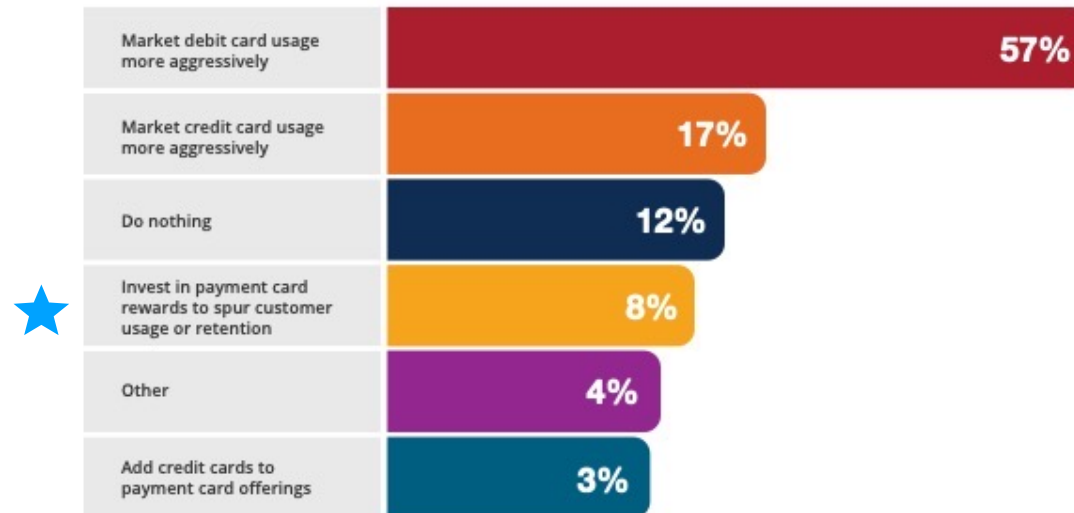
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04 What are your action plans to address slow/no growth payment card interchange fees? (select up to 3 top actions)

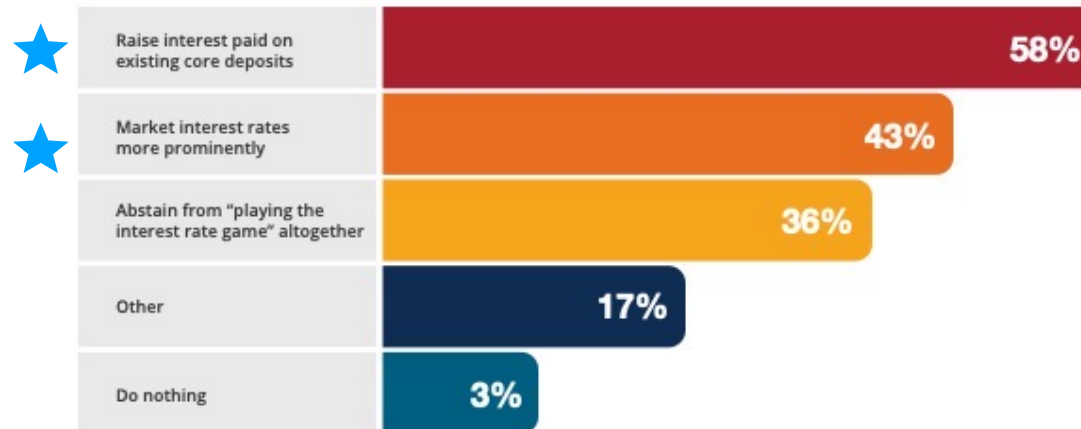


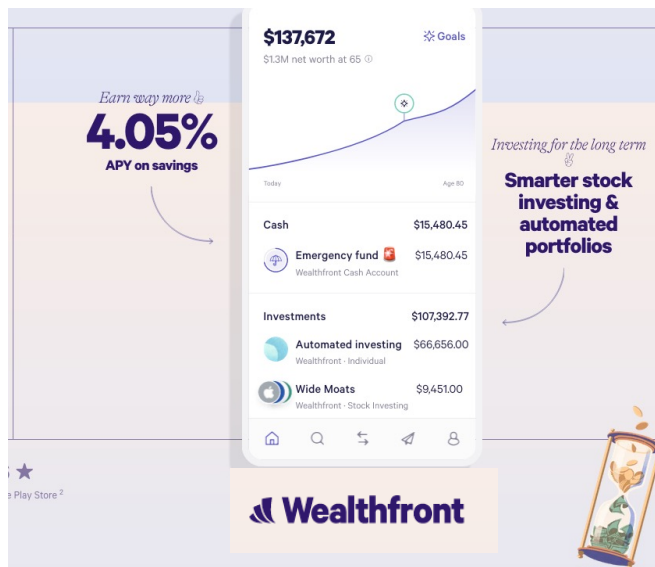
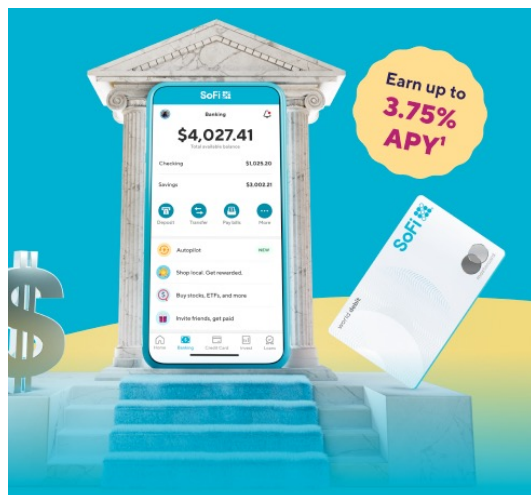
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05 What are your plans to address the higher cost of core deposits?

(select up to 2 top actions)





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Fee-free online savings with one of the nation's top savings interest rates.

3.40% APY

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ufbDIRECT

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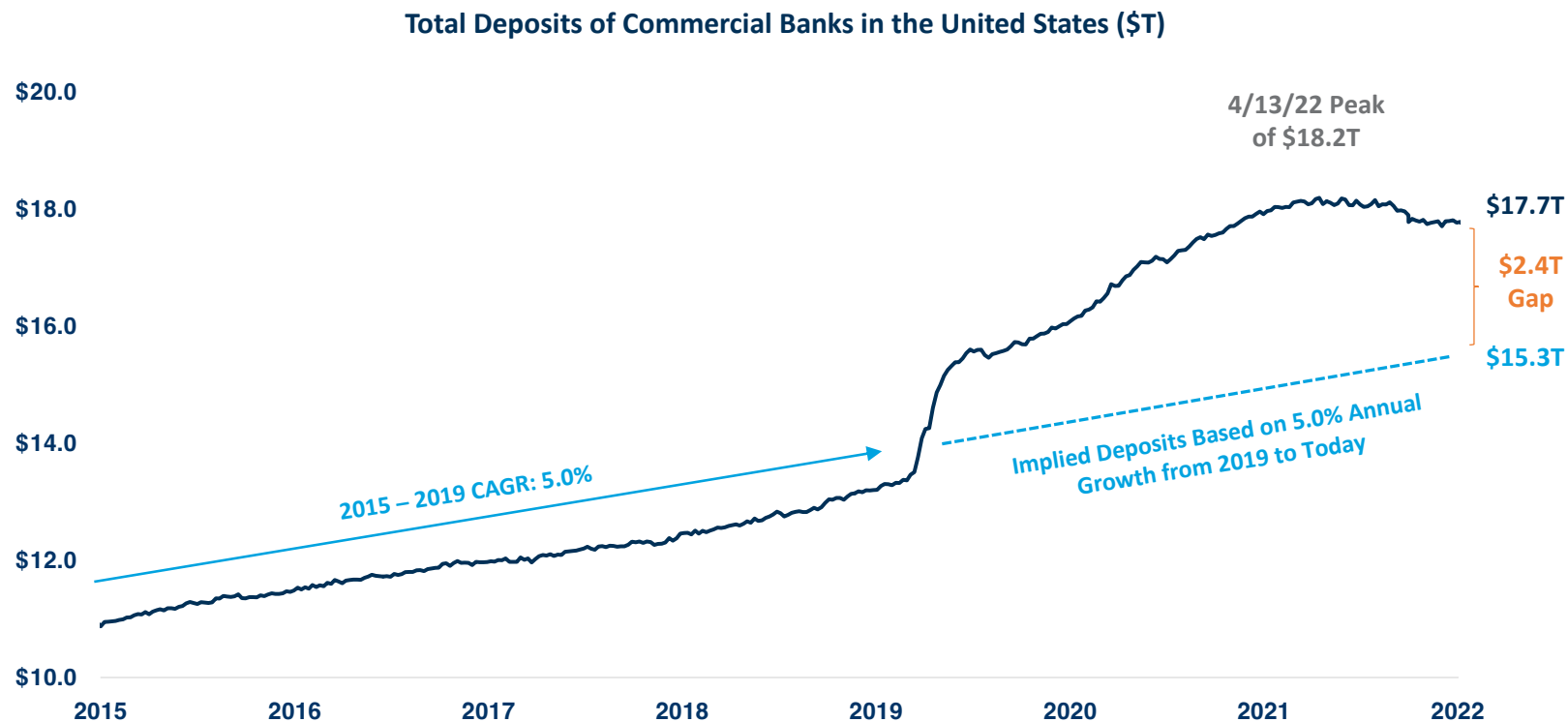


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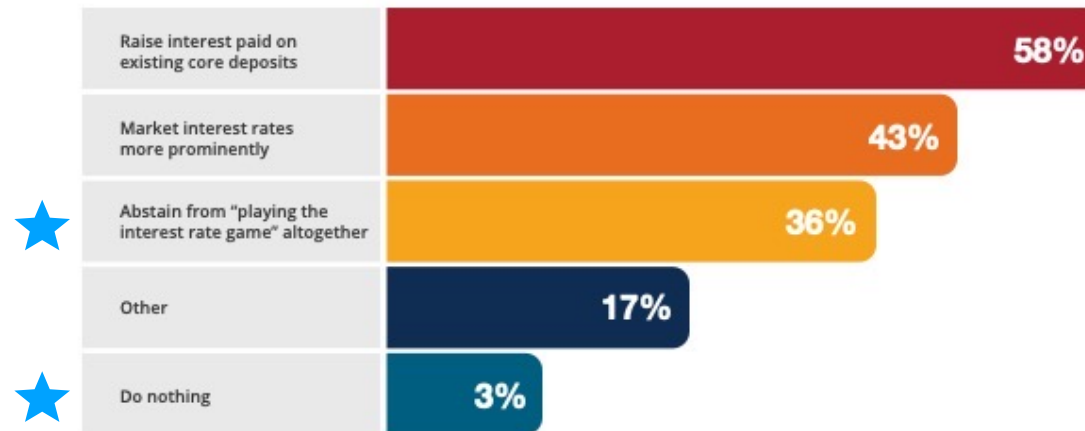


Focus on Deposits – *Deposits are Shrinking and Competition is Building*



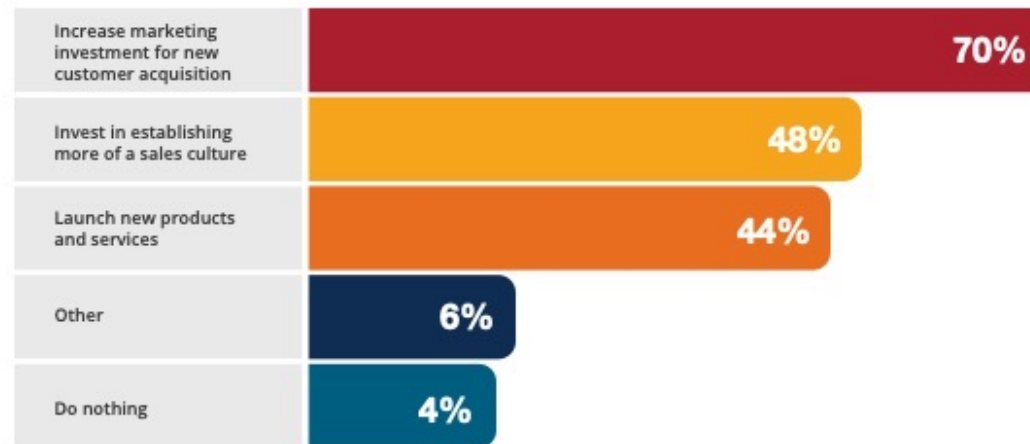
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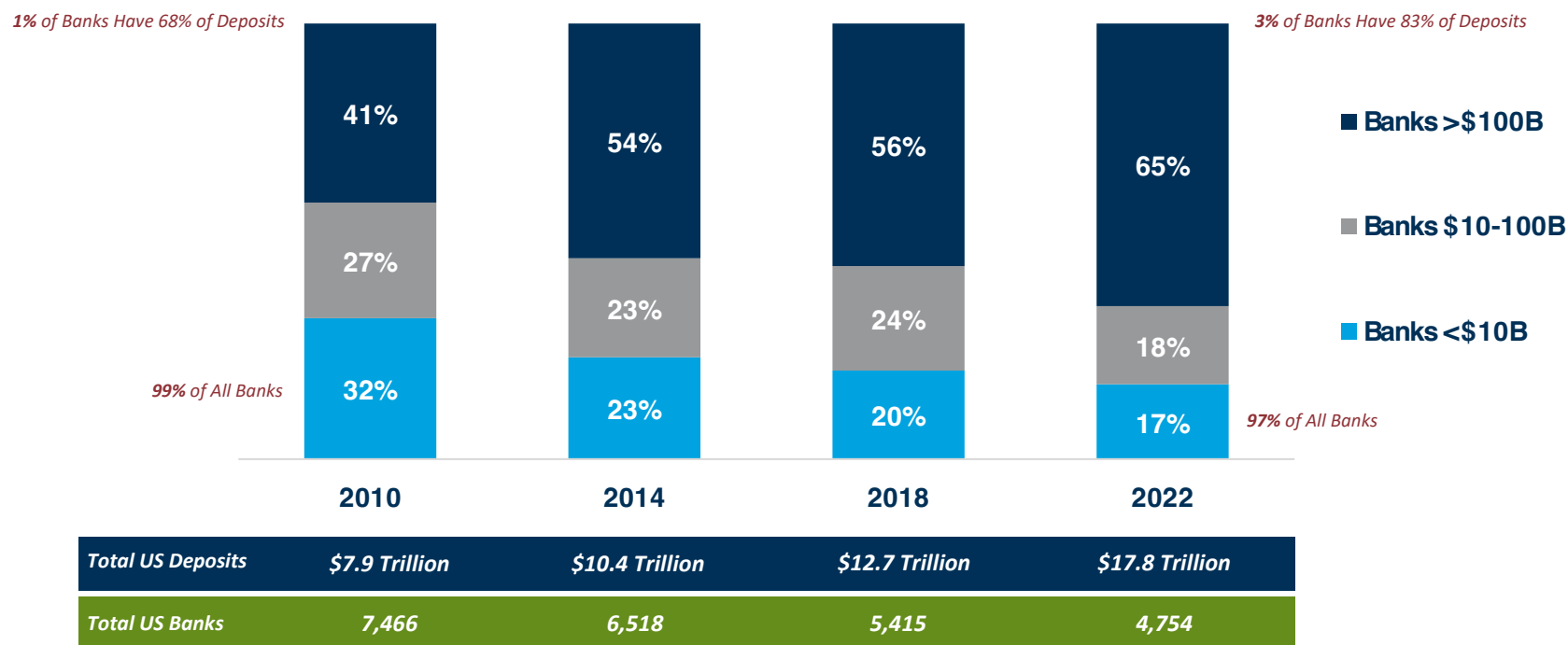
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(select up to 2 top actions)



Big Banks Continue to Win Deposit Share

Deposit Market Share by Bank Size (%)



Page 19 Source: FDIC and S&P Global; 2022 deposit data as of 9/30/2022; 2010, 2014 and 2018 deposit data as of year-end.
Note: Includes both commercial banks and savings & loan institutions; Company size based on deposits and not pro forma for pending acquisitions.



KEEFE, BRUYETTE & WOODS
A Stifel Company



Few Americans anticipate switching banks

How likely are you to switch primary banks within the next year?

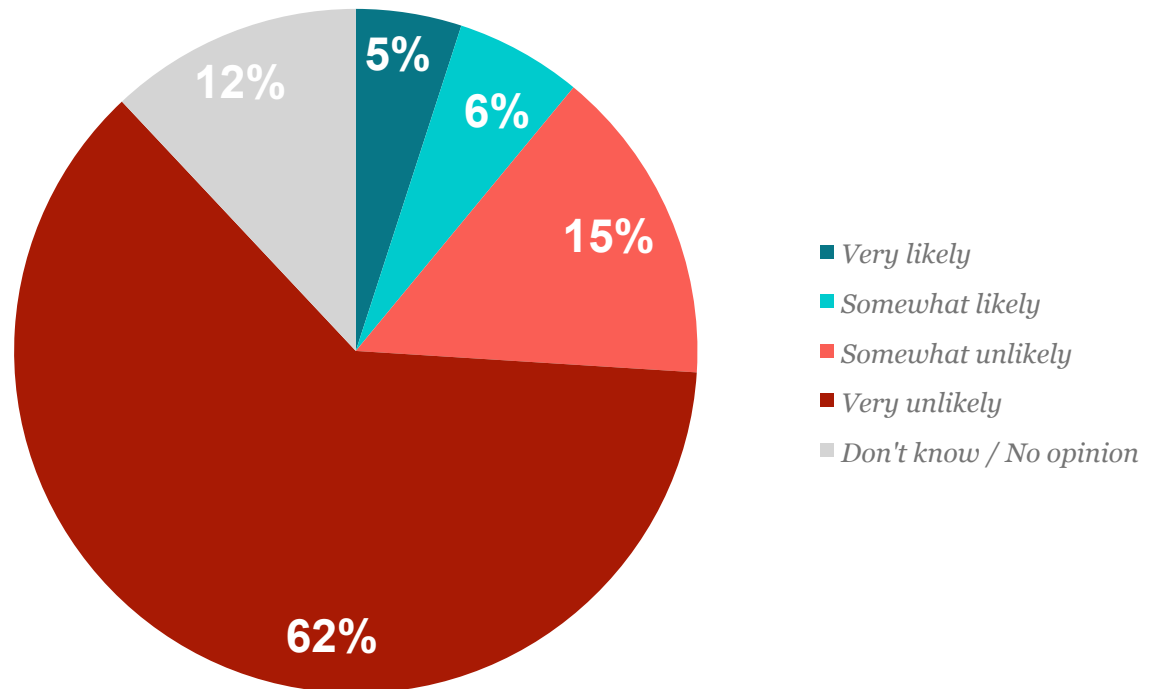
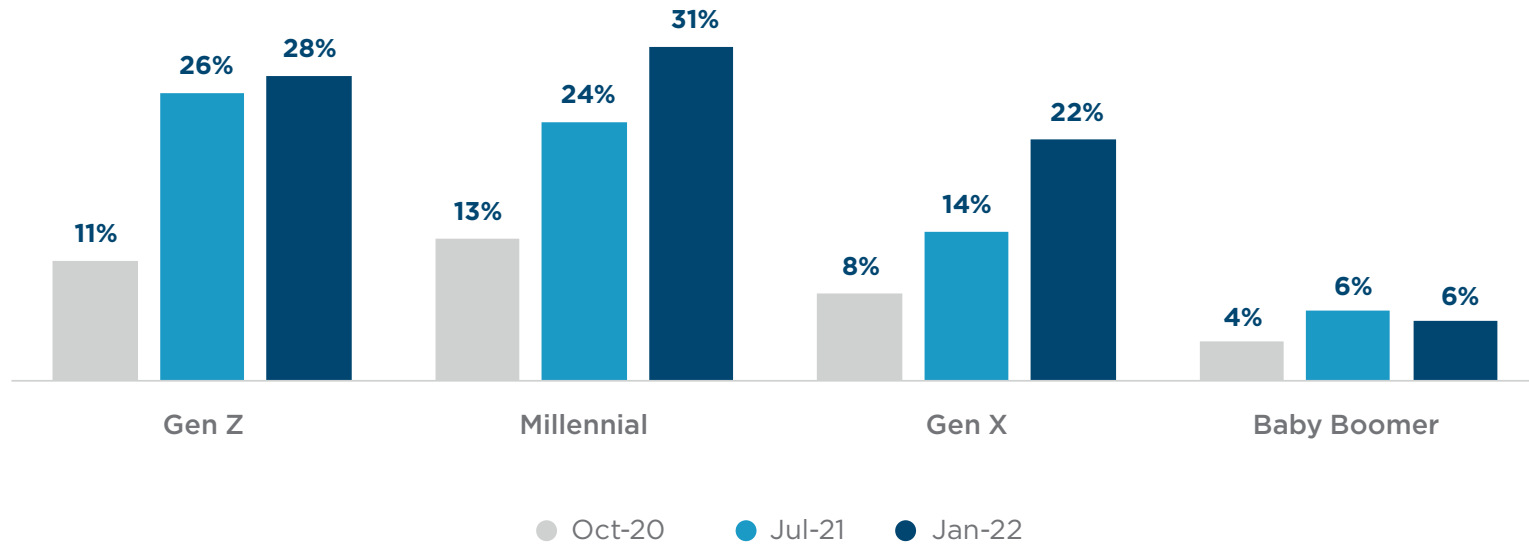


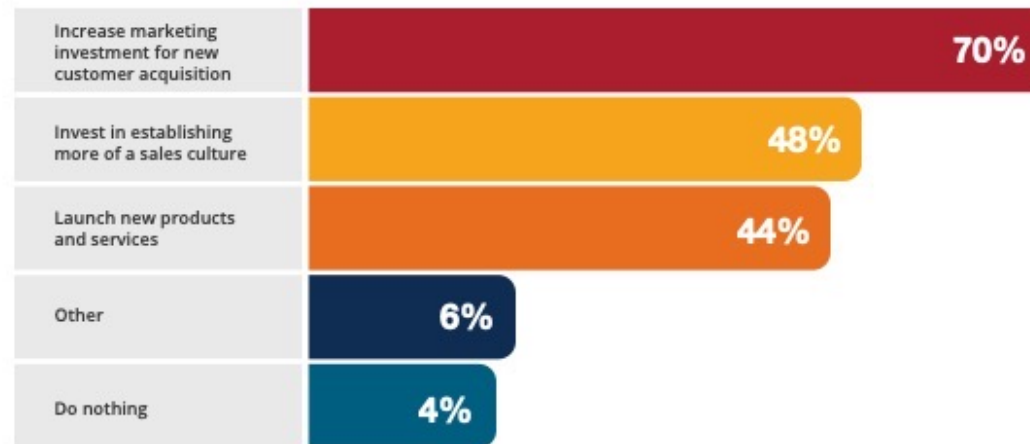
FIGURE 12: Primary Checking Account Market Share

% of Consumers Whose Primary Checking Account is With a Digital Bank



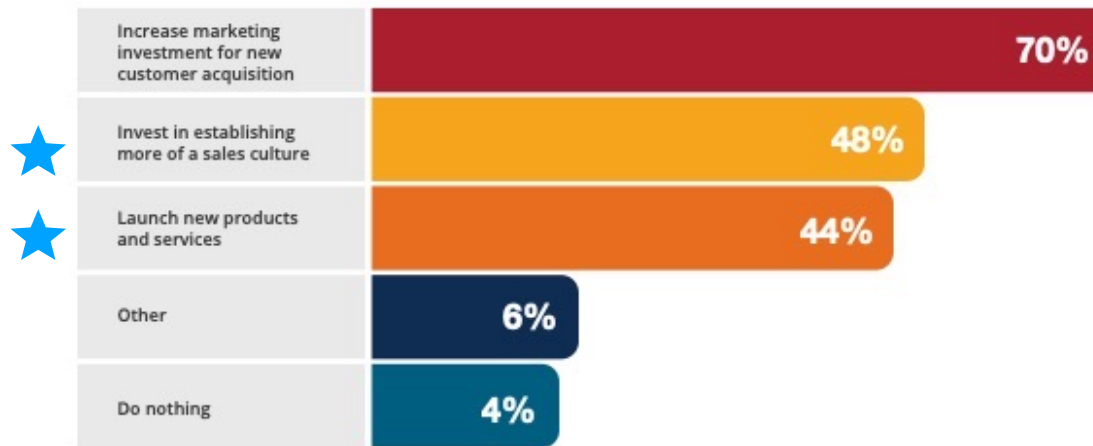
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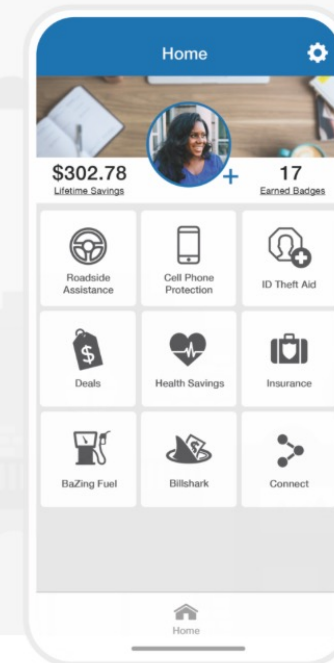
(select up to 2 top actions)



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Mike Branton
Partner
mike.branton@strategycorps.com
919-349-2001