

Driving Customer Value During Market Redefinition

Customer Engagement for Deposits and Lending In Turbulent Times

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TODAY'S SPEAKERS



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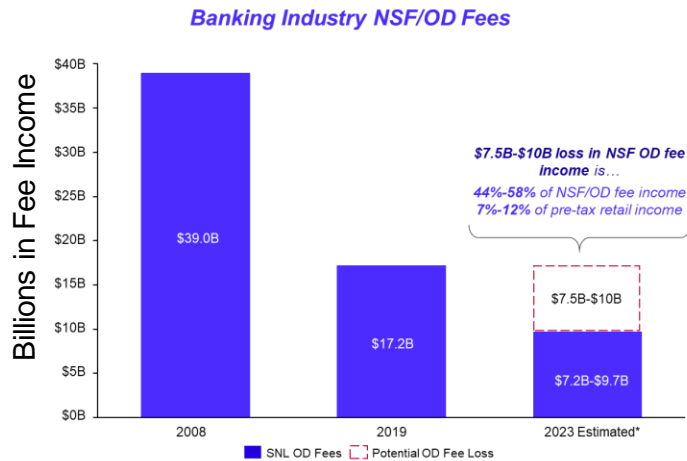
1. Situation – Rising Rate and Fee Income Pressure
2. Complication – Continued Dislocation of Physical Presence
3. Challenge – Engaging Customers in Balance Growth/Retention
4. Deep Dive – Deposit Retention
5. Deep Dive – HELOC Sales & Utilization

As the environment shifts, FIs face three major challenges/ opportunities

Consumer Small Dollar Liquidity

BNPL and Overdraft Reform Driven by Competition (and potentially regulatory action) are on target to reduce OD fees.

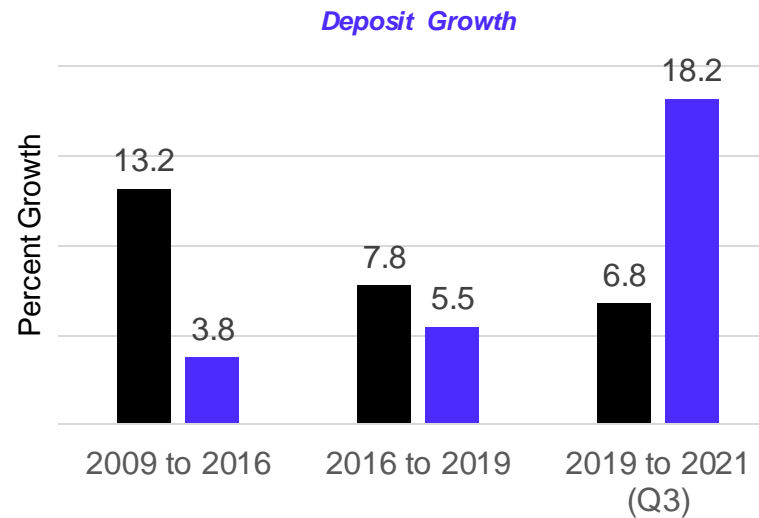
How do FIs Recapture Relevant Liquidity Lending?



Larger FIs have Bloated Deposit Books

FIs are flush with deposits, with historically low loan to deposit ratios, while Direct FIs will require deposits in the rising rate environment.

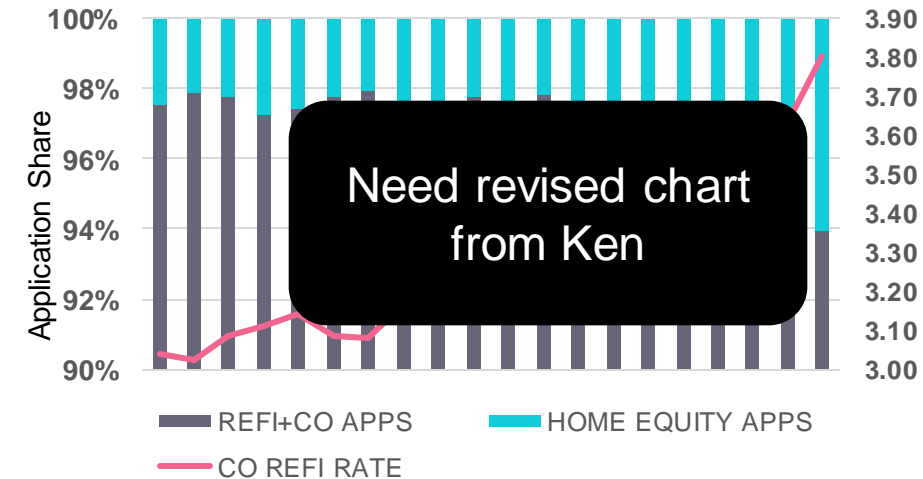
How do FIs Retain High Quality Deposit Customers without Rate?



Home Lending Transition

Home equity is at a cyclical high, mortgage rates are rising, slowing the c/o refi market, home equity application share is growing.

Can FIs leverage this environment to revitalize home equity sales?



■ Direct ■ Traditional

Simultaneously, the market is being disrupted by the experience-based economy, driven by challengers

Old World

FI's customer base was defined by the demographics of branch locations – capital requirements to build branches favored large national players



Branch
Visibility



Local Sales
Execution



Branch
Scale



Banker
Centricity

Experience Based Economy

Financial Services providers address relevant needs of audiences and leverage analytics to find like minded consumers who will value their services.



Relevant
Omni-Channel



Customer
Centricity



Deepen Core
Relationships



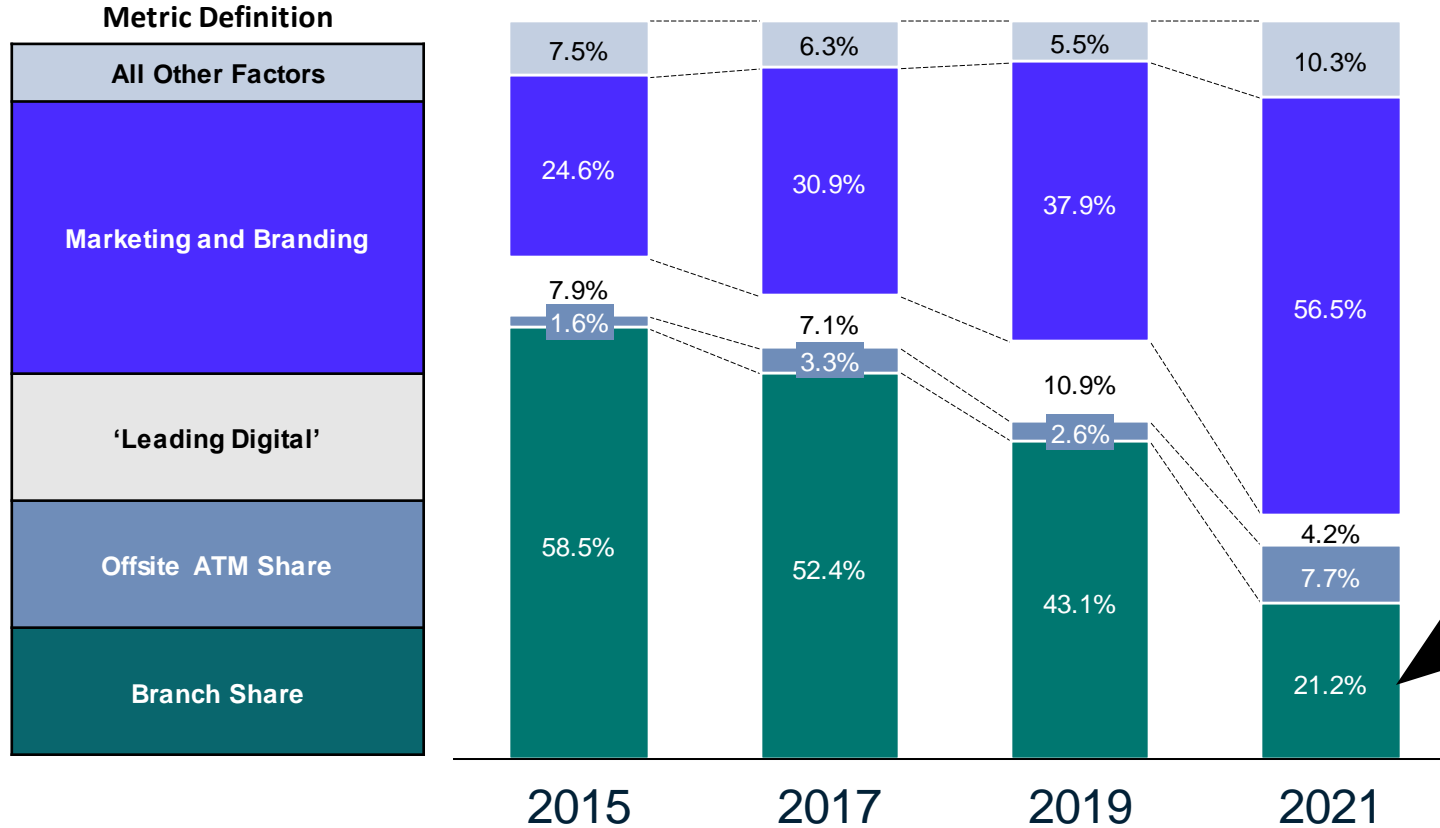
Marketing
and Brand



Analytic
Scale

Branch share no longer drives balance volume for FIs, a new competition for consumers is emerging

Primary Checking Acquisition Drivers for Branch Based FIs



Despite actions - half of prospects still perceive banks without branches as less legitimate

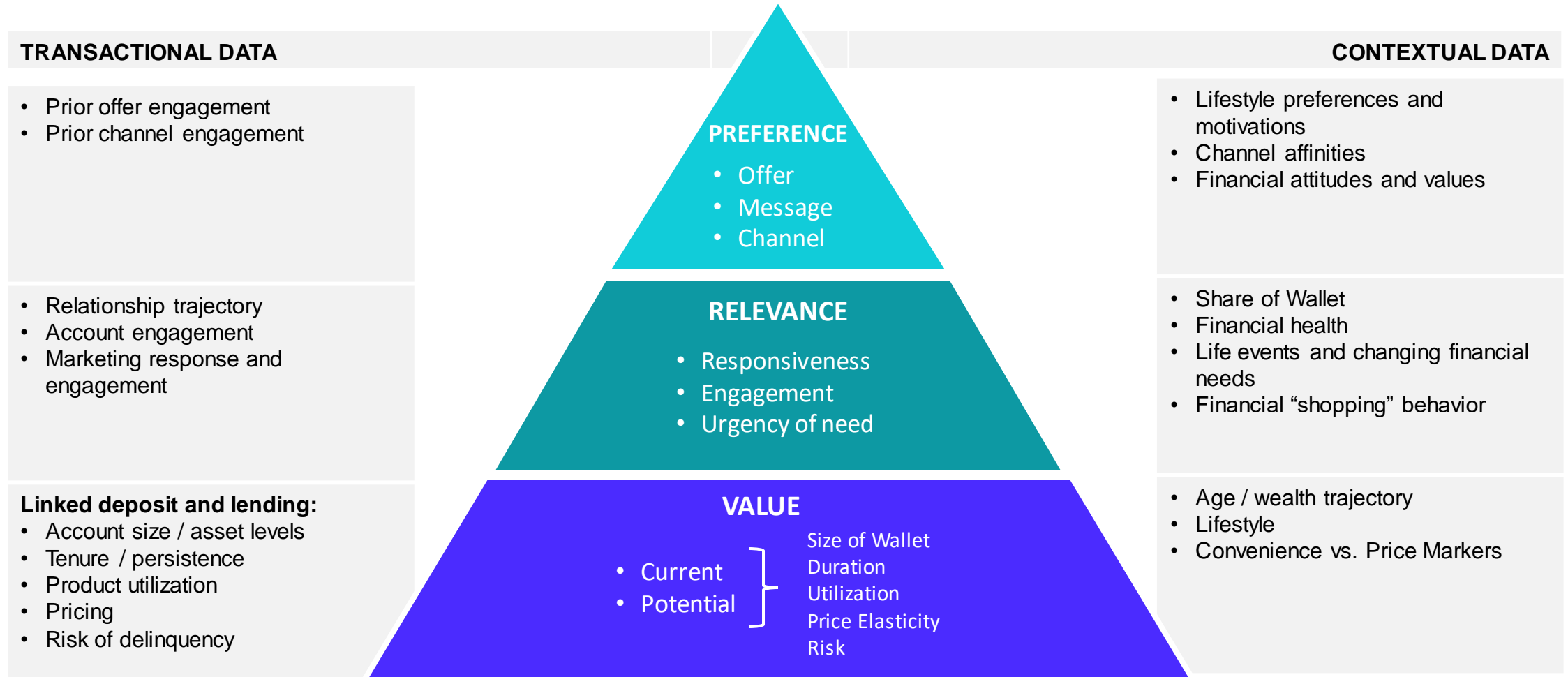
KEY TAKEAWAYS

Marketing and Branding are now dominant drivers of customer acquisition in retail banking.

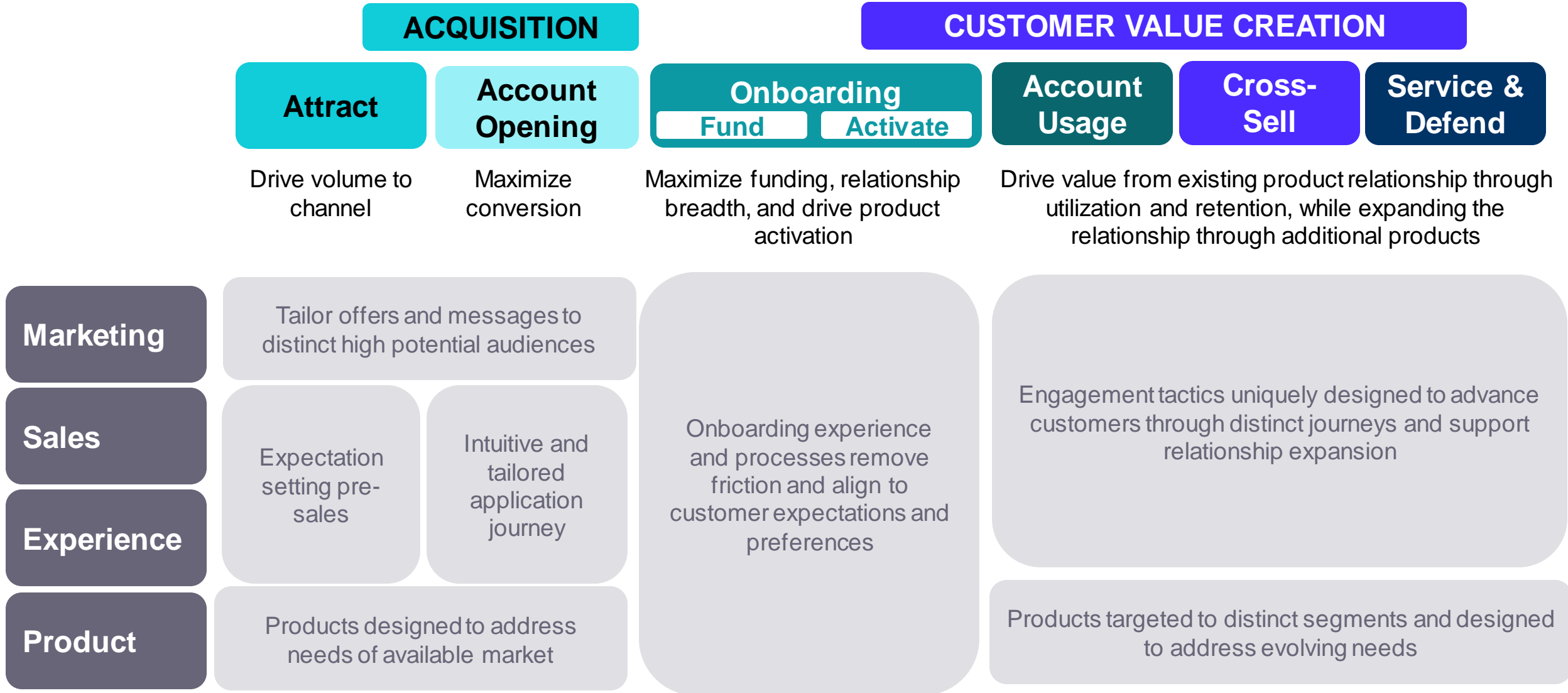
'Leading digital' remains an acquisition driver for National and Neobanks, while **Regional banks** struggle to entice customers with digital capabilities

Note: Drivers for branch-based banks only includes banks with a branch presence | *Brand— composed of various attributes (e.g., “friendly and helpful”, “helps you plan”) from the Curinos Shopper Survey | Direct banks include: Ally, Charles Schwab Bank, Discover | Neobanks include: Chime, Current, SoFi Money, Varo
 Source: Curinos Analysis of Primary Checking Purchasers; Curinos 2015-2021 U.S. Shopper Survey, Curinos BranchScope, MasterCard ATM Data, Kantar Media, Comperemedia

An expanded customer profile enables more precise insights and customer-level targeting



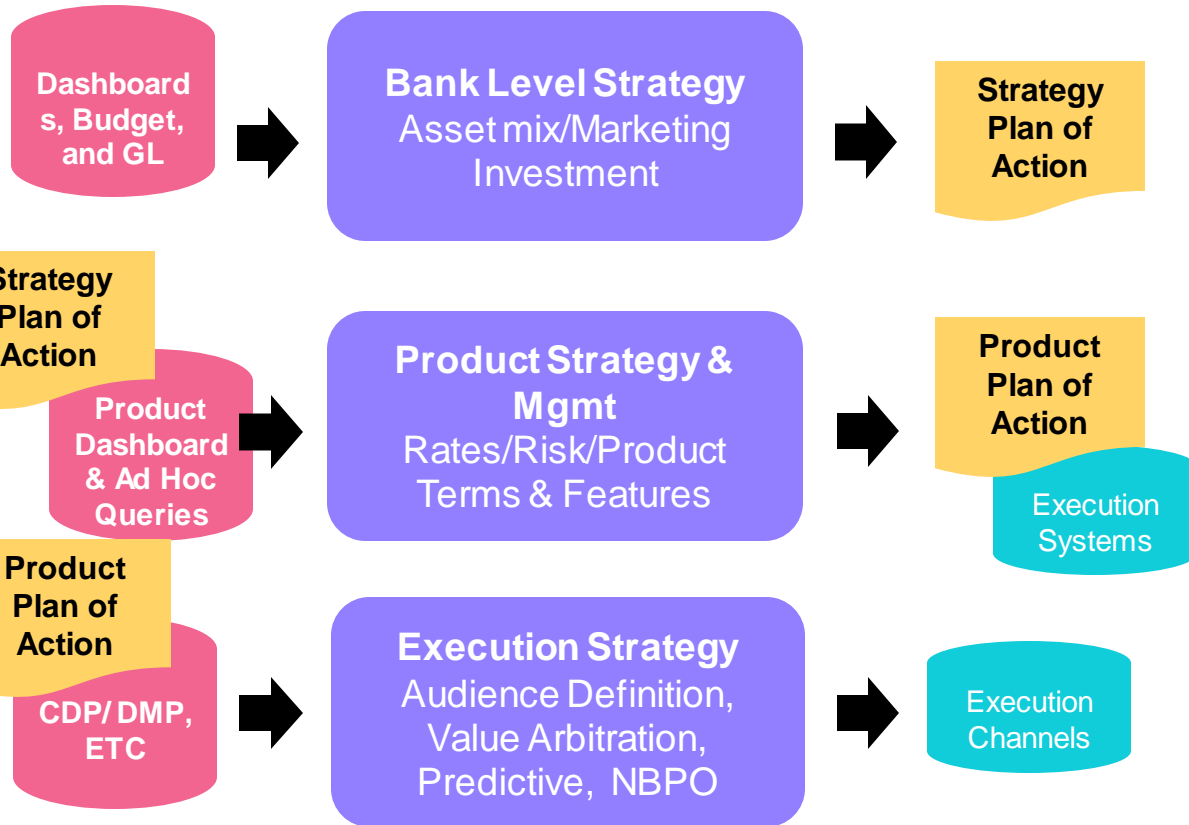
Insights can address opportunities across the customer lifecycle and throughout the organization



Successful FIs will leverage insights across strategy, product(s) and marketing to plan and execute in tighter cycles

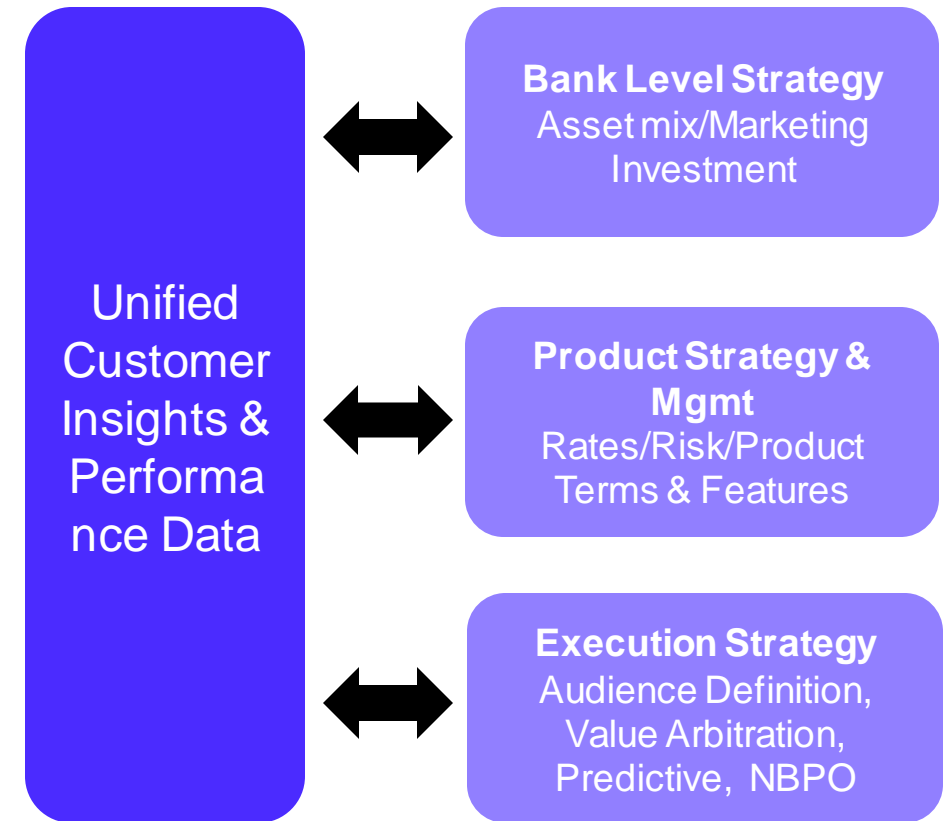
Old World

Decision Alignment to Execution – Months to Quarters



Experience Based Economy

Decision Alignment to Execution – Days to Weeks



Opportunity One

Enabling Liquidity

Overdraft fee pressure will limit the audience FIs can provide liquidity to economically.

Leveraging deposit and transaction data, FIs can 'open the buy box' for lower cost lending to a broader audience.

QUESTIONS FIs NEED TO ANSWER

Which customers, but for their deposit behavior, may be overlooked for credit cards or installment loans?

Which customers have observed liquidity needs and would benefit from either a pre-arranged credit facility or an immediate access facility?

How do I manage the risk of these customers

WHAT ACTIONABLE INSIGHTS ARE REQUIRED

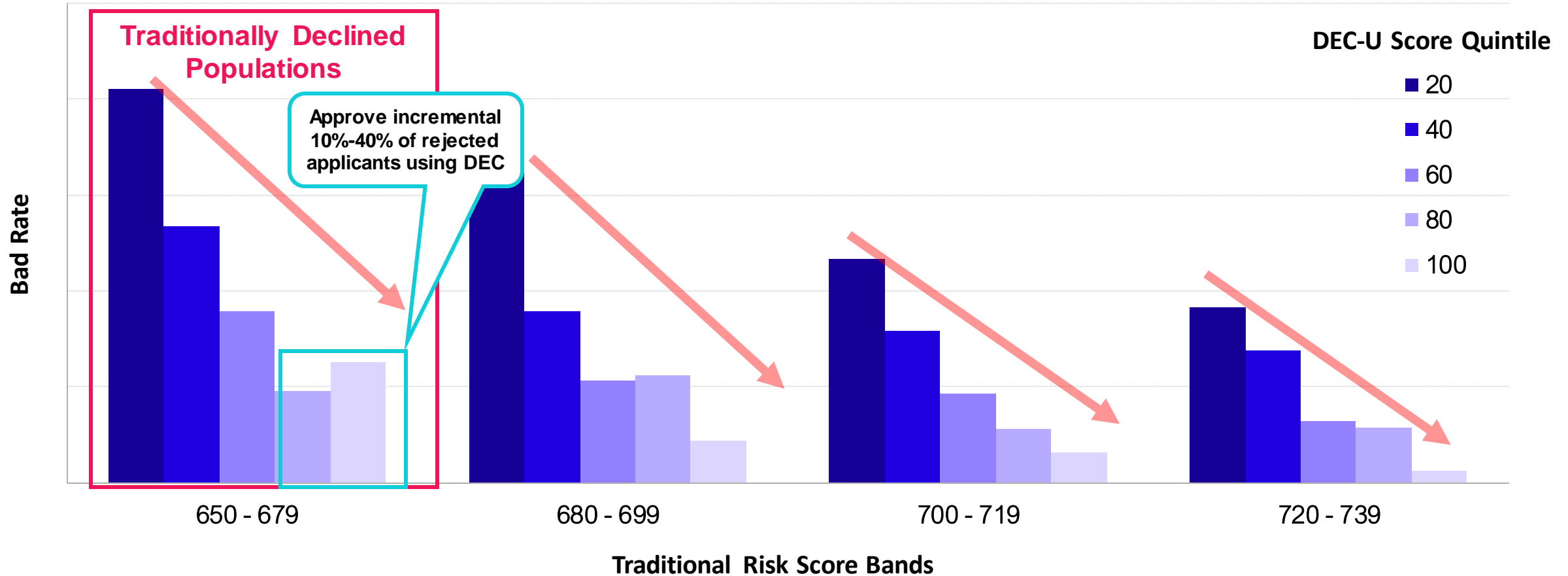
List of customers with their max limit and recommended access/product

Experiences/treatments by "safe" loan value to support financial wellbeing

Performance of loans/lines/advances to "learn" improved offers and access logic

Leveraging relationship deposit and transaction data can further discriminate risk, utilization and duration

Dec-Underwriting: Bad Rates Within Prime Traditional Score Bands



Opportunity Two

(HE)LOC

Cross-sell

Capture increased share of new HELOC accounts as demand shifts away from mortgages

Proactively target high potential audiences for new loans

Reactively adapt interactions as certain audiences submit applications

QUESTIONS FIS NEED TO ANSWER

Which customers have a need and are willing to open a line?

What is the rate elasticity of the customer?

What is the estimated utilization and duration of balances on the new line?

What is the probability of default and collection?

WHAT ACTIONABLE INSIGHTS ARE REQUIRED

Ranked customer list based on risk adjusted return on incremental balances given an offer rate or rates and outstanding balance duration

A test plan to determine which treatment is the most cost-effective for driving incremental value

Campaign performance analysis to identify areas for optimizing net contribution in future campaigns

Opportunity Three

Deposit Customer (as opposed to balance) Retention

Maintain relevance with rate-seeking deposit customers when the organization does not currently need their deposits without damaging the relationship

QUESTIONS FIs NEED TO ANSWER

Which customers have sought rate in prior rising rate environments?

What price differential will force a customer to move their deposits? Move their relationship?

What other value can the FI provide when they do not require the deposits?

WHAT ACTIONABLE INSIGHTS ARE REQUIRED

Which customers are likely to move at a given differential rate?

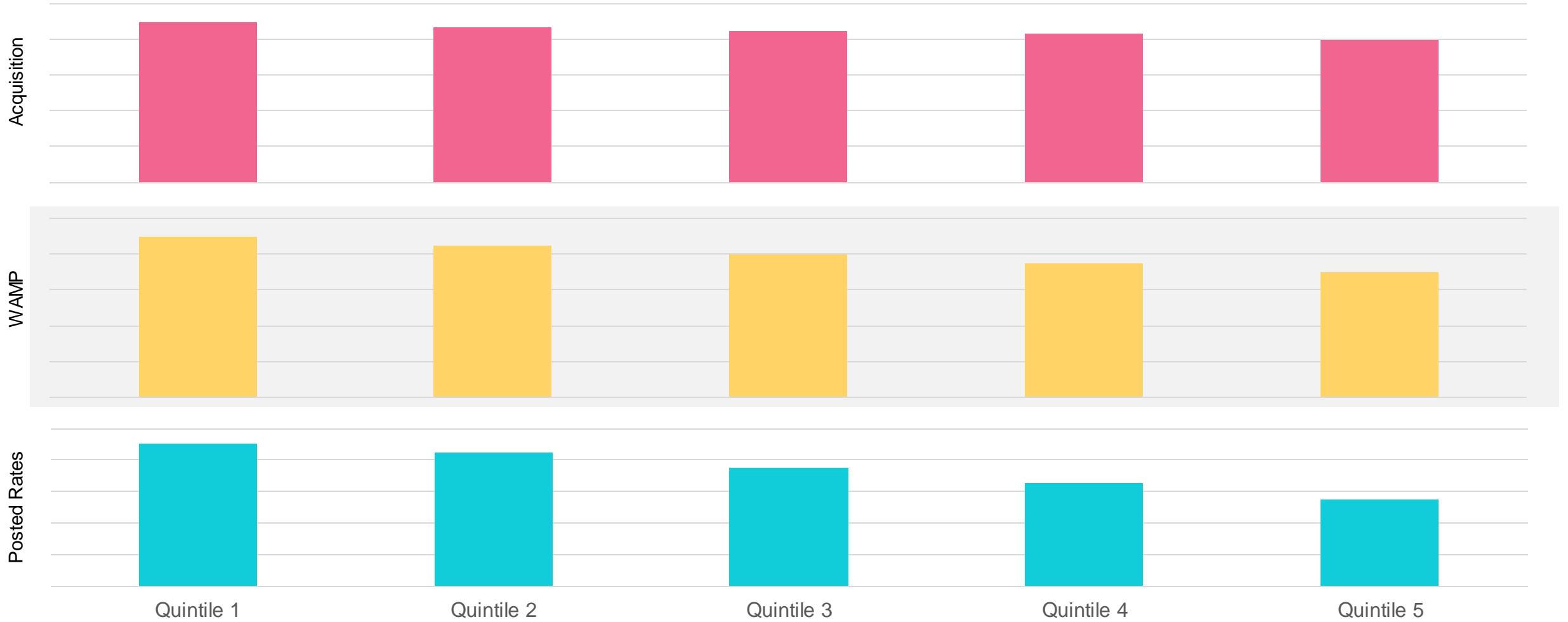
How does this impact the FI's balance forecast?

What CLV do they bring beyond the deposit relationship?

What other relationship value can the bank provide (non-priced or economic) to maintain their relationship?

Understanding which segments of customers will move given market rate dispersion will focus treatments

Retention by Quintile at Market Rate



Three Opportunities

1. Liquidity Replacement
2. (HE)LOC
3. Quality Deposit Retention

Experience Based Economy

Need Insights across the customer lifecycle that optimize across:

- Value
- Relevance
- Preference

Relationship Insights

Deposit and lending data, along with contextual data provide the 'grist' for analytics to inform actions across the insight.

Early Win – Deposit Data
Improving Predictability of Default on Customer Loans – Opening the Buy Box, and improving predictions of utilization and duration

Key Take Aways

Thank You

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