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# The Ultimate Deposit Marketing Playbook



# “If you’re not growing, you’re dying.”



It’s a quote that is credited to writer and artist William S. Burroughs, was adapted by football great Lou Holtz, and is relevant to the state of deposits today.

Following the March 2023 failures of Signature Bank and Silicon Valley Bank – two of the largest U.S. banks to fail since the 1930s – and the May 2023 bailout of First Republic Bank, consumer confidence was dramatically shaken, triggering historically significant deposit outflows from banks across the country.

While the dust has not yet completely settled, a new landscape is emerging, and it’s marked by a need for deposit growth and stability. The economic fallout from hundreds of billions of dollars in motion throughout the financial system is still in flux. Money continues to be on the move at unprecedented rates as consumers and small businesses try to balance their desire for high interest rates and financial security. They’re reevaluating relationships with their financial institutions and putting all alternatives on the table when it comes to places to park their cash. Some are splitting uninsured deposits between regional and community banks to seek FDIC protection. Others are moving their dollars into the perceived safe harbors of megabanks.

For financial institutions of all sizes, the decision to do nothing in the current banking environment – to operate in a wait-and-see mindset – is a decision to allow competitors and outside forces to determine your fate.

The competition for cash is here. Now is the time to proactively attract deposits. Your bank’s health – and growth – depend on it.



# When banks sneeze, consumers catch a cold.

According to a Gallup survey conducted in April, before the failure of First Republic Bank, about half of Americans polled felt “very” or “moderately” worried about the safety of their money in financial institutions.<sup>1</sup> The results are remarkably similar to public sentiments measured during the 2008 financial crisis, revealing an underlying, simmering skepticism that picks up speed when the economy, individual banks, or both, falter.

Since December 2021 – following a pandemic-fueled period of extraordinary uncertainty and consumer vulnerability – money has been flowing

out of the banking system into money market funds, bonds, high-yield online savings accounts, cryptocurrencies and even gold and silver. The collapse of Signature Bank and SVB, and seizure of First Republic Bank, have only escalated the trend.

Therefore, following the global banking crisis spurred by three bank failures, it’s not surprising that a marked acceleration in the flight of deposits was reflected on bank balance sheets, and substantiated by numbers released by the Fed.

## All banks, large and small, are affected

Money is moving out of national, regional, and community banks.  
Since December 2021:

» The top 25 banks have lost **\$600B**

» Smaller banks have lost **\$150B**<sup>2</sup>

<sup>1</sup> <https://news.gallup.com/poll/505439/half-worry-money-safety-banks.aspx>

<sup>2</sup> <https://www.cnbc.com/video/2023/04/04/assets-in-money-market-funds-surge-as-big-banks-see-massive-outflows.html>

# The initial panic may be over, but scars remain.

While the tsunami of consumer jitters in March triggered a material shift in deposits from small to large banks to the tune of a \$184.6 billion loss for small banks,<sup>1</sup> the outflow subsequently stabilized, indicating a soothing of consumer spirits.

It's true that goliaths were the initial benefactors of this widespread consumer fear, yet with no guarantee of deposit stickiness, they are not resting on their laurels. Big banks know that when customers move their money due to alarm or uncertainty, it can be assumed the new deposits may be as volatile as the environment. At the same time, the trickle-down nature of bank failures means everyone – banks large and small – must be attentive and proactive to build trust and avoid additional downturns in public confidence.

Like it or not, banks of all sizes have been drawn into the battle for deposits. While the initial hemorrhage may have stopped, data indicates consumers are actively moving record assets to money market funds, in search of higher yields.

**It's a unique moment in time, one that demands a strategy.**



<sup>1</sup> <https://www.cnbc.com/video/2023/03/31/fed-deposits-at-commercial-banks-fell-by-132-billion.html>

# It's time to open up your deposits pipeline.

Deposits are the fuel that powers the banking system, which means the current environment of uncertainty is putting the health and stability of all banks at risk. This is no time to coast, hoping that consumer fears will steady with time. You need to have a playbook ready for these situations.

Financial institutions need to safeguard their core funding by employing protect-and-defend measures, in addition to deposit acquisition strategies.

## Broadly speaking, banks should focus on three things:

- » **Protect existing deposits:** Deploy brand messaging that calms any lingering uncertainty while reassuring your customer base that their money is safe and sound with your institution.
- » **Increase share of wallet:** Encourage your existing customers to move deposits housed at other banks to your institution by promoting higher interest products.
- » **Drive new deposits and depositors:** Market competitive offers along with the strength and stability of your brand, positioning your institution as a reputable partner with great rewards.



Growing during challenging times like this requires you to know your bank's position in the market so you can develop a plan to grow. Banks that want to grow through this time will need to focus on two different, but related strategies: Fighting off deposit attrition, while driving deposit cross-sell and acquisition opportunities.

But where do you begin? It starts with an assessment of your current situation. Dig into the data to evaluate your institution's total deposits, the makeup and behavior of your depositors, and the impact on your balance sheet.

## Step 1 - Assess total deposits

Deposit insurance improves funding stability, so examine the drivers of deposit outflows and inflows separately. What percentage of outflows are uninsured? What percentage of inflows are insured? What is your core deposit ratio? What are your primary sources for new deposits? How does the current rate environment impact your net interest margin (NIM) and loan-to-deposit ratio?

## Step 2 - Assess depositor data

Take a look at your customer demographics and behaviors. Review everything from life stages to online rate shopping and product searches. Are they seeking alternative financial instruments? Do they use direct deposit? How long have they been with your institution? Since depositors who have been with a bank longer are less likely to exit, segmenting by tenure may be an important metric.

## Step 3 - Assess your product mix

What is your ratio of term deposits to demand deposits? What percentage are interest bearing versus non-interest bearing? There's more than one way to view your data, so look at your deposits through multiple lenses. Checking and savings accounts each carry their own loyalty levels, with checking accounts commanding the upper hand. Evaluate the rates and maturity dates of your term deposits so you can determine which products are the most effective in locking up deposits.

# Strategies to increase core deposits.

Once you get a sense for your consumers and activity within the greater context of the current environment, it's time to defend, protect, and grow your institution's deposits. Optimizing profitability demands a proactive strategy, and we believe it requires a four-pronged approach.

## The Four-Pronged Approach to Deposit Growth

### RETAIN:

#### LISTEN -

Track your customers' intent signals

#### WIN -

Attract deposits away from competitors

### ACQUIRE:

#### PURSUE -

Grow your low-cost deposit base

#### TARGET -

Identify and entice affluent consumers

# Retain:

## Nurture current relationships.

### Listen



Consumers almost always send out intent signals before they act. For example, a consumer may search “homes for sale nearby,” “mortgage loan calculator,” and “home loan rates today,” which would indicate an impending home purchase and, therefore, a need for a home mortgage. In the deposits realm, your customer might search “high yield savings accounts,” or “best savings account rates,” flagging his or her quest to earn higher interest.

By rate shopping, your customers are telling you they’re actively seeking better offers. Monitor their real-time usage data – including search

phrases and content preferences – so you are equipped to deliver targeted communications and offers that can lock in their deposits. Upsell those who have outgrown their current products, and boost engagement by incentivizing those who activate services like direct deposit or online banking.

By working with a data solutions partner like Deluxe, financial institutions can retain customers via hyper-personalized marketing designed to optimize the customer experience, drive loyalty, and prevent deposits from walking out the door.

### Win



In banking, some consumers like to commit, and others would rather play the field. The latter group spreads their cash across multiple institutions for a myriad of reasons. They may have teen accounts for their dependent children, accounts for specific savings goals like vacation travel, accounts that align with major buckets in their household budget, or accounts to make it easier to split finances with a spouse or partner. This segment is ripe for a land and expand approach. Once you get them in the door, engage them in personalized cross-selling to attract deposits away from your competitors and increase your share of wallet.

Use information from consumer reporting agencies like ChexSystems to monitor the number of deposit accounts your customers currently maintain across financial institutions and deploy targeted marketing to entice them to centralize more business with your bank. Use relationship banking principles to position your institution as a partner that will help them reach their financial goals. Emphasize the simplicity and convenience of working with a single institution – yours – for all their banking needs.



# Acquire: Gain new depositors.

## Pursue



Increasing your low-cost deposit base is vital to sustainable, profitable growth. But one big roadblock to deposit growth among new customers is friction. Requiring a branch visit, document scans, or laborious online forms can mean the difference between a new checking or savings account holder and a consumer who abandons the process altogether. The same is true for new business account holders. Don't lose out to digital banks and fintechs by upholding barriers to entry. Help small business owners out by simplifying the account opening process.

In the same vein, consumer habits changed dramatically during the pandemic, including the adoption of mobile deposits. Promoting this sweetheart feature along with your bank's other digital services is a great way to drive new primary checking, savings, and money market accounts.

Banks can also attract new depositors by leveraging existing customer relationships. Bundle products and offer personalized companion accounts to gain additional ground within a household.

**According to a Deluxe survey, the top three products that banking CMOs and marketing leaders will focus on for the rest of the year are:**

- 1 Checking accounts
- 2 High-yield deposit accounts
- 3 Business deposits



## Target



One tried-and-true source of deposits is those who have experienced a wealth event or have strong liquid deposit potential. By introducing your institution to these prospects via enticing

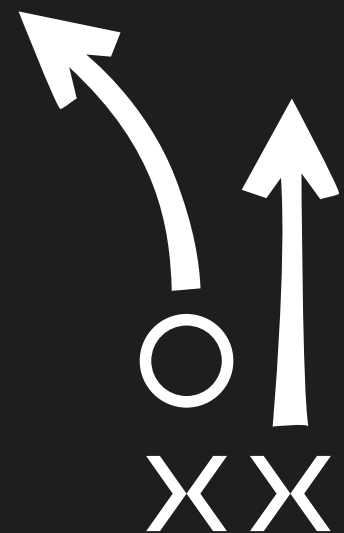
deposit accounts that meet their unique wealth management needs, you can serve and satisfy a highly lucrative segment.

### How to target affluent consumers.

Understanding liquid deposit potential and the likelihood to respond to deposit offers is vital intel when it comes to the pursuit of high-yield deposits. ConsumerWealth™ is Deluxe's proprietary suite of predictive scores that gives your bank a clear line of sight to total household wealth and discretionary spending habits.

This data suite allows banks to target high net worth consumers with relevant, enticing deposit products and differentiates audiences that have similar profiles but unique priorities and behaviors. Plus, when you append ConsumerWealth to your customer database, you can identify the highest priority segments to cross-sell and up-sell to optimize loyalty and deposits.

Deluxe offers custom modeling to identify net worth, layered with new wealth triggers such as a business sale or promotion, to help banks determine ConsumerWealth scores. These scores identify how households splurge and save to pinpoint the most sought-after potential depositors for marketing initiatives and database enhancements.



# Deposit acquisition and retention are both required.

The pressure to hold onto and build current deposits while monitoring your overall deposit mix and costs requires a strategy, not complacency. And it's not as simple as focusing on one segment. For example, while low-cost deposits are a trusted component within a bank's deposits ecosystem, these accounts can also be cancelled with the click of a mouse or the sweep of a pen.

Now is the time to outperform your competitors by implementing a surgical, data-driven, deposit-centered marketing strategy tailored for your institution. With the help of triggers and

modeling, you can protect your existing depositor relationships while finding and acquiring new ones, affording you the opportunity to position your financial institution as a trusted partner for whatever life – and the market – may bring.

## Data that drives deposits

With a campaign powered by the right data, banks can effortlessly build deposit balances, attract new customers looking for a place to stash their cash, and prevent valued customers from sneaking out through the back door.

Deluxe offers 360° surround sound data services to help banks reach customers and prospects with precision via extensively multi-sourced data lakes.



# Best-in-class **consumer** and **business data.**

Deluxe's consumer data lakes cover 260 million U.S. consumers and more than 130 million U.S. households, representing the majority of the population in near real-time. These data lakes can identify where the liquidity, volume, and revenue are by aggregating and synthesizing the following types of data.

## 130 million households with over 1,000 attributes

- » Demographic and interests/hobbies
- » Mortgage and homeowner data
- » Wealth attributes such as net assets and investable assets
- » Spending behaviors and buying preferences
- » Multi-sourced life event data
- » Prescreen tri-bureau credit data
- » In-the-market inquiries (life events and credit shopping)

## 25 million businesses with over 800 attributes

- » Firmographic information
- » Business owner information
- » Business credit data and overall health of the business
- » Commercial real estate
- » UCC filings
- » SBA and PPP loans
- » New business formations
- » Businesses actively seeking credit



Deluxe is also the #1 provider of multi-sourced life event data in the industry, yielding 4x more targets than other leading providers and delivering critical intelligence weeks ahead of the competition.<sup>1</sup>

<sup>1</sup>Deluxe analytics

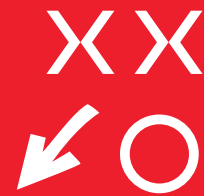
# Trigger data **that helps deposit.**

Trigger marketing is about connecting with consumers on the verge of making important financial and purchase decisions. By capitalizing on these transitions, banks can acquire new customer deposits and cross-sell to retain and deepen relationships with their existing customer base.

Deluxe has access to more than 2.4 million life events every week in the United States,<sup>1</sup> including:

## Lifestyle triggers:

- » Newly married
- » Newly engaged
- » Newly single
- » New parents
- » Expecting parents



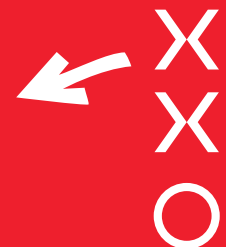
## Household triggers:

- » New movers
- » Pre-movers
- » New homeowners
- » Household composition changes



## Enterprise triggers:

- » New home businesses
- » New business owners
- » Young professionals



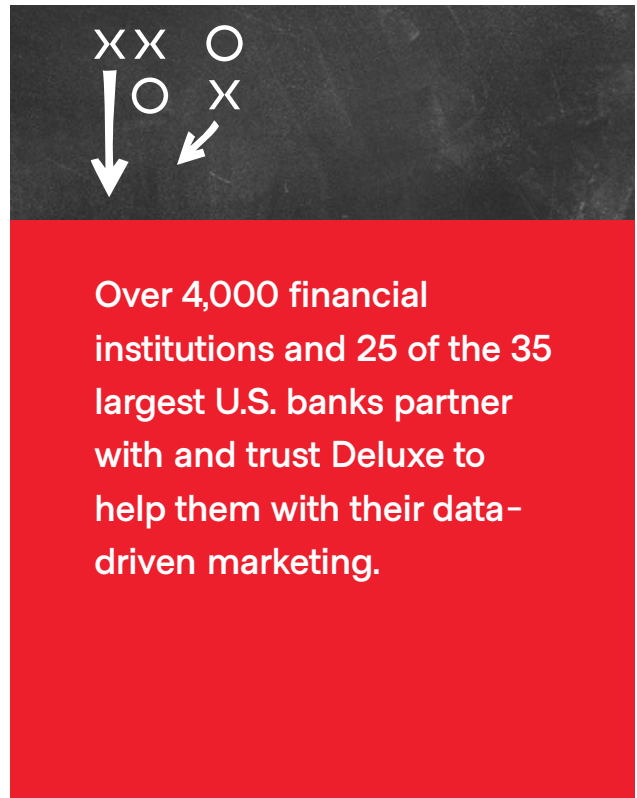
<sup>1</sup>Deluxe analytics

# In Conclusion.

For now, the land of milk, honey, and abundant deposits is behind us. The market has shifted from a deposit-rich environment rife with government stimulus checks and record-setting savings, to the current climate where banks need to actively work to retain and grow deposits.

Rather than let the chips fall where they may, now is a prime opportunity for banks and credit unions to expand their relationships and deposits with existing customers and win new depositors from the competition.

Whether your bank is looking for actionable data attributes and insights, audience targeting engines, or agency services including campaign design and execution, Deluxe is a one-stop-shop for your data-driven marketing needs.



**Over 4,000 financial institutions and 25 of the 35 largest U.S. banks partner with and trust Deluxe to help them with their data-driven marketing.**

## Open up your deposit pipeline with Deluxe

DataDrivenMarketing@deluxe.com

deluxe.com/triggers

877.214.2513

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