



Drive Deposits & Fuel Checking KPIs with The Retail Performance Engine™



It's beginning to feel a lot like 2008.

Almost two-thirds of economists surveyed by the World Economic Forum expect a recession in 2023¹. The Federal Reserve is aggressively increasing interest rates as it races to curb inflation, and a recession is often the consequence when the central bank starts raising borrowing costs.

We've been here before, and while there will undoubtedly be many bumps in the 2023 financial road, the economy and the banking system will eventually correct itself and achieve equilibrium. But until then...

What should banks and credit unions be doing now to insulate themselves and keep those deposits flowing?

It's certainly not a single strategy, and it's definitely not a "one and done" effort. The financial institutions that will thrive in 2023 are the ones addressing performance at every stage of the checking account lifecycle. Given the current interest rate environment and increasing net interest margins, generating more low-cost deposits is undoubtedly a critical and immediate goal— but your efforts should focus on much more than just acquiring the account and its deposits. Those accounts need to be nurtured into relationships, and those relationships need to be actively transacting, generating profits and staying with you long-term. And this holds true whether the economy is thriving or hovers over the brink of recession.

And in the current environment, you can really put those deposit dollars to work. Now that you can charge more for loans with interest rates being higher, you can choose to get your money from the Fed at 4.5%² (today's rate), or you can get it from new depositors at as low as 0%! Why wouldn't you want more deposits right now?

In this white paper, we'll outline the various stages of the checking account lifecycle, with key strategies you can execute as you need them. If your bank or credit union is already equipped to defend your checking account performance in 2023, then you're way ahead of the game.

But, if you're looking for a complete set of offensive strategies that will allow you to protect (and even exceed) your most important retail performance KPIs, keep reading. We'd like you to introduce you to the industry's only *Retail Performance Engine™*.

→ What it's NOT:

The Retail Performance Engine is not a canned set of strategies or a "solution in a box." It's not a duplication of what your competitor is doing, nor is it simply another packaged checking account marketed as the answer to all your problems.

→ What it IS:

Velocity's Retail Performance Engine™ is a complete solution that fuels checking account performance from acquisition to retention and all stages in-between. There are no one-trick ponies here.

Optimize the Entire Account Life Cycle

Or focus just on the areas you need to drive growth



Powered by the robust Velocity Intelligent Platform®, our Engine provides a 360-degree view into your account relationships to see what's working **right now**, so you can pull the levers you need when you need them to boost underperforming metrics. The platform not only breaks down data silos to provide the complete picture, but also provides the data science to launch one-to-one marketing and track the response.

And if you're like most other financial institutions, one of your biggest needs right now is deposits. The Engine provides multiple ways to launch consistent and ongoing strategies to attract low-cost, core deposits from brand new account holders, and also helps you revive activity (including increasing deposits) from *existing* account holders with little or no activity.

Top-of-Funnel: Acquisition & Driving Deposits

Account acquisition is always a challenging goal for community financial institutions who are competing against the big banks with their generous cash bribes for opening a new account. Add to this the chaos of consumers jumping ship in pursuit of higher interest rates, the neobanks charging in and sweeping up customers with their lower fees and higher rates, and your slice of the new account holder pie just got a lot smaller.



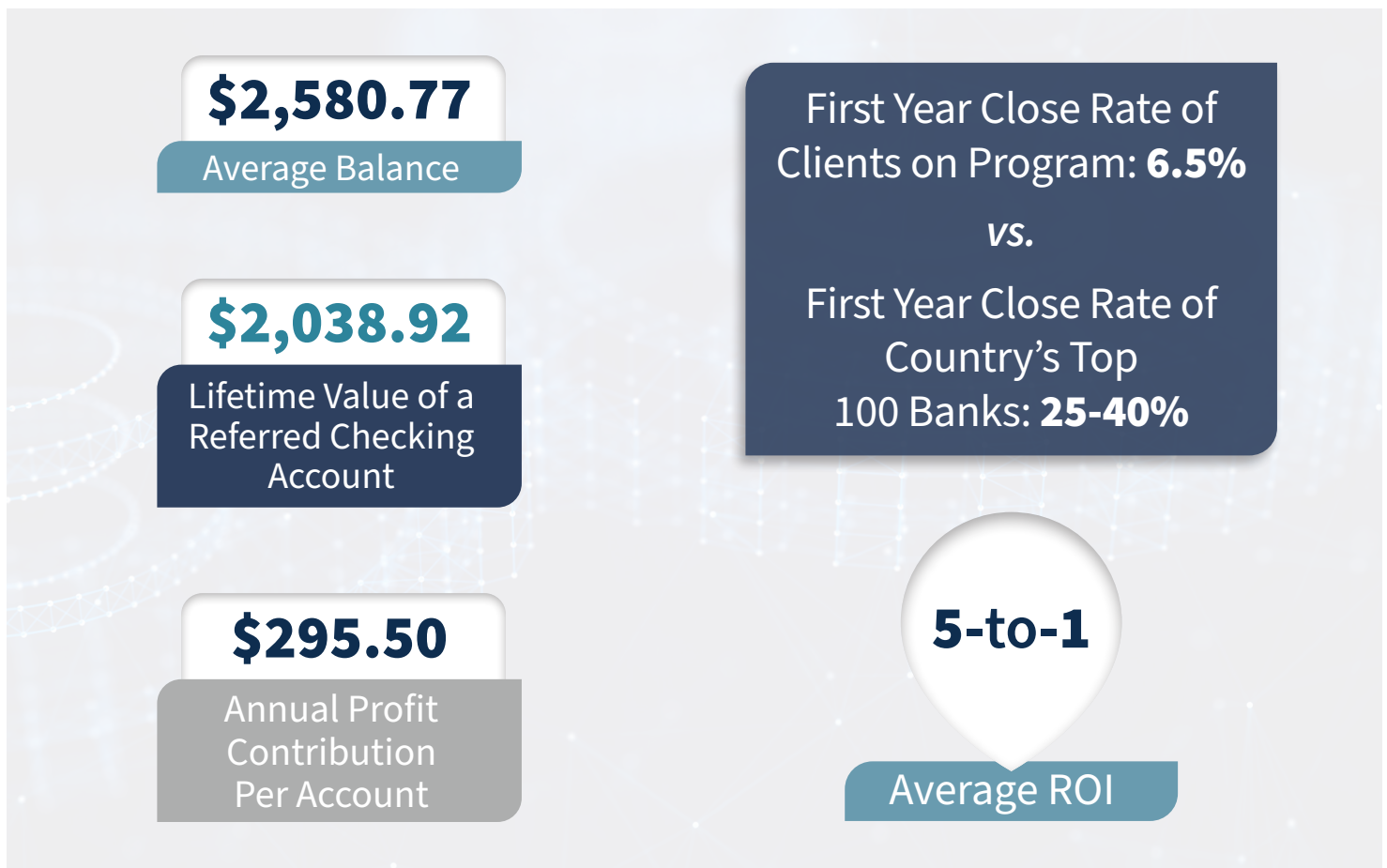
Velocity's acquisition lever of the Retail Performance Engine transforms the age-old concept of word-of-mouth into a modern, digital acquisition machine that delivers an average 5-to-1 ROI, time-tested and proven over 17+ years. The comprehensive strategy uses a data-driven, omni-channel approach of digital referrals, social media marketing, direct mail and digital marketing.

Through social media, direct emails or texts, your account holders can easily refer, or digitally invite, their friends or family to join your financial institution. Our program generates a personal referral code that your existing customers or members can reuse as many times as they like. One click on a social media logo brings up an auto-generated post that embeds the personal referral code and connects prospective new account holders directly to your website to open an account.

What makes this a successful acquisition strategy?

- **Marketing** — Campaigns created by Velocity are launched quarterly as part of the program.
- **Training** — Our professional team provides on-site training, ongoing training, regular performance reviews and motivation for your team!
- **Reporting** — Comprehensive reporting metrics are sent weekly and monthly. In addition, our team is tracking your results and will provide coaching along the way.
- **Ease** — There is no need to change product types. Velocity handles all incentive fulfillment, financial tracking and reporting, leaving very little work for your front line.
- **Pricing** — Success-based, risk-free pricing means you only pay for new accounts acquired through the program.

Acquisition Strategy: 2022 Performance Snapshot



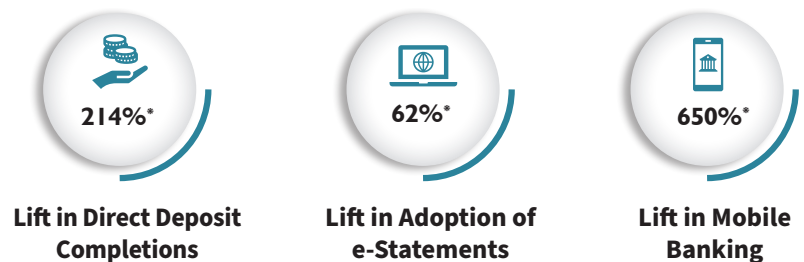
Early Engagement & Onboarding

But acquisition is just the first step in the lifecycle. Now you'll need to turn those new account openers into engaged and profitable relationships. The Retail Performance Engine makes it easy to guide new account holders through a fail-safe onboarding journey to start driving those deposit dollars within *hours* of opening the account—not months.

And over the years, we've observed that many financial institutions are missing a significant and immediate opportunity at the onboarding stage.

Many FIs launch onboarding and activation campaigns only during the first 30, 60 and 90 days after account opening, even if the new account holders haven't taken any action.

Onboarding & Early Engagement



The Early Engagement lever of the Retail Performance Engine allows you to **effortlessly** continue onboarding efforts as long as you need to by instantly emailing and texting new account holders to get them started. Your branded welcome email and text will direct new customers or members to a personalized microsite that guides them through the onboarding process and will help you drive those deposit dollars.

Steered by the “progress wheel,” your new account holder will be guided through the various steps until she's 100% successfully onboarded:

1. Enroll or switch over direct deposit in seconds
2. Change default payment methods/subscriptions to the new account at once. With our platform, your new account holder simply clicks to select vendors like Amazon, Venmo, Netflix and many others, enters her card information and login credentials once, and your debit card is instantly made top-of-wallet.
3. Enroll in online banking
4. Download your FI's app and use mobile banking
5. Enroll in eStatements

But once your new account holder has reached the end of her onboarding journey, it doesn't mean the end of your efforts. For those accounts that haven't moved beyond the opening stage, you can launch customized onboarding campaigns anytime with the click of a mouse, whether it's been 30 days or 300 days.

Ongoing Engagement/Reacquisition/Driving Transactional Activity

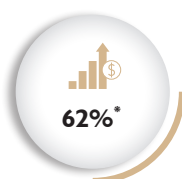
There is one often-neglected group of consumers that represents a huge opportunity for financial institutions, and these consumers need your attention now more than ever. These are your *existing* account holders who have become inactive or disengaged, yet are still sitting on your books costing you money. Before you can grow those relationships, however, you'll need to *reacquire* those consumers to re-start the relationship cycle.

The Ongoing Engagement lever of the Retail Performance Engine provides multiple strategies for reviving engagement and reacquiring accounts through debit card activity and usage of many other products and services.

We can target debit card holders with no or low usage and incent them to use their card just a few more times. Using segmentation, analysis and data science, our strategies can convert debit card non-users into users, light users into heavy users, and heavy users into heavier users. Each offer asks for incremental, achievable increases in card swipes.

This is another strategy that Velocity has perfected over nearly two decades, and it's so effective that we can guarantee at least a 2-to-1 ROI! That means that each and every client who pulls this lever is guaranteed to double their investment. However, in our experience, many clients reach a 3-to-1 ROI or higher in their first 3-5 years of running the program.

Ongoing Engagement & Reacquisition



Annual incremental revenue generated by one client

Using debit card strategy



Average ROI and we guarantee a 2-to-1 ROI

Using ongoing engagement strategies



Profit that can be delivered over 5 yrs for a 50K account FI

Using ongoing engagement strategies

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“Many clients reach a 3-to-1 ROI or higher in their first 3-5 years of running the program.”

For a financial institution with 50,000 checking accounts, our experience shows that re-engaging their inactive and less-active account holders can be worth \$5 million or more in additional revenue over just 3 years.

Tiered Debit Card Strategy Driving Revenue & Activity

Over the years, the primary banking relationship driver has evolved to the primary transaction device: the debit card.

Most consumers under the age of 40 view their primary relationship with their financial institution as the debit card and many have never even owned a checkbook! The pandemic drove higher debit card usage due to the need for touchless payments and reduced the use of cash. And according to a Financial Brand article, debit card usage dethroned credit cards for the first time in 2020. The savvy financial institutions will be the ones leveraging this primary transaction device in every way possible.

Fortunately, the Retail Performance Engine also offers a unique tiered debit card strategy that drives transactions, incremental revenue and loyalty by providing credit card-level rewards and benefits tied to the debit card. The benefits available to consumers through this premium debit card program are the same types of benefits those consumers are likely already paying for—to somebody else.

Emergency roadside assistance, cell phone protection, prescription savings, travel discounts, local merchant coupons and more are just some of the benefits your account holders will receive from their premium debit card, requiring NO change to existing account types or numbers.

And what's even better? The program creates a new revenue stream beyond that of debit interchange.

Strategies for Indirect Relationships

Financial institutions often have “indirect account holders” on a one-off basis, usually on the lending side. While it gives the FI the opportunity to increase their loan portfolio, many times those very same consumers are using a different bank or credit union as their *primary financial institution*.

The Indirect Strategy lever of the Retail Performance Engine helps financial institutions convert indirect customers or members into direct, active members of your financial institution. We can target indirect accounts to:

- ✓ Open a checking account
 - ✓ Set up online banking
 - ✓ Set up mobile banking
 - ✓ Enroll in e-Statements
- and more!



Customized Relationship Strategies

One of the benefits of working with a seasoned fintech provider like Velocity Solutions is that we've had years—even decades—of experience fine-tuning our strategies. We know how to optimize performance and more importantly, we've learned how to adapt our strategies to achieve countless objectives.

If you're looking to incentivize specific behaviors or actions, we can develop a customized program for you to drive retail conversion from credit cards, to encouraging a Reg. E response, to being the first choice for a mortgage, and much more. You're really limited only by your imagination. We love a challenge and the opportunity to develop creative, customized programs.

I need to:

- ✓ Drive Profitable Account Acquisition
- ✓ Attract Low-Cost Core Deposits
- ✓ Increase Account Holder Referrals
- ✓ Improve Early Onboarding
- ✓ Implement Continuous Onboarding
- ✓ Drive New Sources of Income
- ✓ Increase Engagement/Transactional Activity
- ✓ Engage Indirect Accounts
- ✓ Improve Cross-Sales
- ✓ Leverage the Debit Card as a Revenue Source
- ✓ Reacquire Existing Checking Accounts
- ✓ Improve Retention & Decrease Attrition
- ✓ Solidify Account Holder Loyalty

SO LET'S START THE ENGINE!

Whatever objectives or challenges your financial institution is facing, the Retail Performance Engine is the industry's **only** complete solution that can *rev up* your performance throughout the entire checking account lifecycle.

If you're interested in learning more, we're happy to chat. Contact us for an exploratory discussion with absolutely no obligation.

Email Us: **info@myvelocity.com** (this mailbox is continuously monitored)

Call Us: **954-847-5800** and choose **Option 1**

1. <https://www.npr.org/2023/01/24/1150319679/recession-slowdown-inflation-interest-rates-jobs-employment-economy>
2. <https://www.fdic.gov/news/press-releases/2023/pr23013.html>

About Us

Founded in 1995 and servicing the transaction accounts of over 30 million consumers and business owners, Velocity Solutions is the leading provider of technology solutions that drive revenue, service and compliance for community banks and credit unions. Our Velocity Intelligent Platform® powers all of Velocity's solutions, using machine-led intelligence that delivers powerful analytics, manages risk, and drives revenue, loans, account holder engagement and non-interest income to our client financial institutions. For more information, please visit myvelocity.com.

About Our Content

Velocity produces an extensive amount of original, educational content in the form of articles, white papers, videos and webinars, created by our seasoned team of subject matter experts. Most of our content can be found in our [Resource Center](#) and we invite you to browse through our free content at your leisure.