PROVEN PATHS TO SUCCESS

To win the battle for deposits, a holistic approach is required. Focusing solely on the number of accounts opened is not enough; success hinges on the profitability, engagement and long-term value of the relationships built.

To achieve this, community banks and credit unions should create a seamless ecosystem where every step of the account holder journey — acquisition, onboarding, engagement and retention — is optimized for growth and sustainability.

TOP 7 CONSEQUENCES OF NOT GETTING THE RELATIONSHIP

#1

Non-Activated Accounts

Onboarding efforts should continue as long as it takes after opening

#2

Profits Won't Grow

Only active & engaged account holders drive profits

#3

Wasted Dollars

Inactive accounts cost you money

#4

Cross-Selling Efforts Fail

You can't grow a relationship you don't have

#5

Marketing Efforts Fail

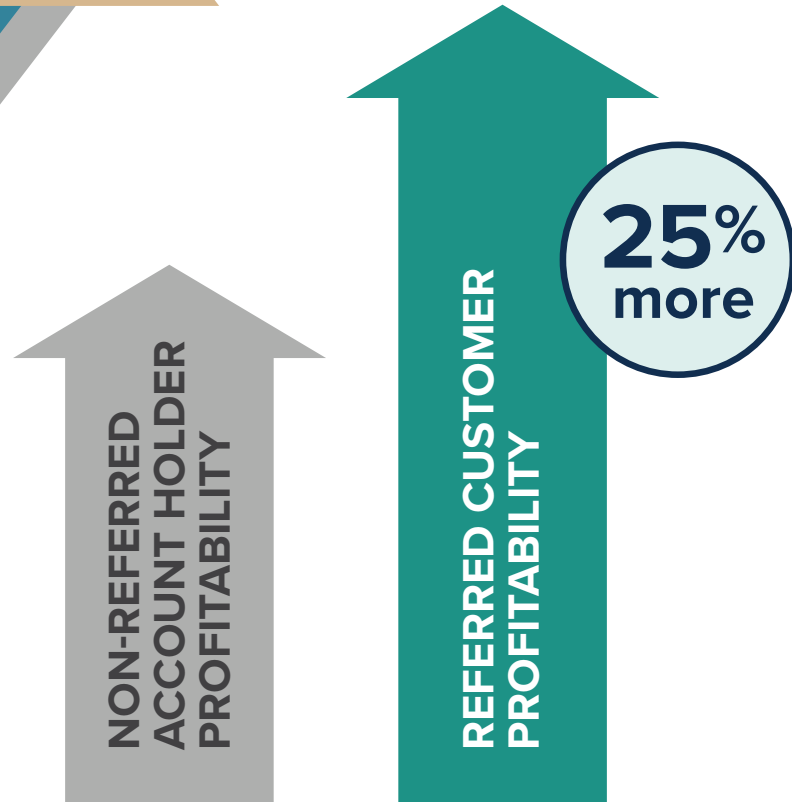Because customers are not engaged

#6

Data Decay

Inactive accounts do not generate transactional data needed for analysis

#7

High Attrition Rates

20%-40%: Average first-year attrition rate of the top 100 FIs

NON-REFERRED ACCOUNT HOLDER PROFITABILITY

REFERRED CUSTOMER PROFITABILITY

25% more

Referred account holders are 25% more profitable to a bank than a non-referred account holder.

Source: Referral Programs and Customer Value

TRENDS IN DEPOSIT GROWTH AND ACQUISITION

Acquiring new account holders is vital, but simply opening accounts doesn't guarantee long-term profitability. Customer acquisition costs (CAC) are rising, with banks spending between $200 and $450 per account. But as many as 80% of new accounts contribute little long-term value.[13] Therefore, financial institutions must focus on acquiring the right account holders — those who are more likely to stay, use multiple products and contribute meaningfully to the bottom line.

Referral programs are an effective acquisition strategy because referred account holders tend to be:

» More profitable
» More loyal, with a higher lifetime value
» More likely to refer other high-value individuals, creating a positive cycle

Plus, 39% of people are more likely to refer friends or family when given an incentive, making referral programs a cost-effective way to grow organically.[14]

ONBOARDING: SETTING THE STAGE FOR ENGAGEMENT

Onboarding is a critical phase where many financial institutions lose valuable momentum. Nearly 34% of newly acquired accounts churn within the first year, with 70% remaining inactive after just 90 days.[15] An effective early onboarding strategy is crucial — engaging new account holders immediately and ensuring they see value in the relationship.

Automating onboarding processes like sending personalized welcome messages or offering step-by-step guides on using account features can help reduce friction. The goal is to ensure that every new account holder feels welcomed and informed from the start.

ENGAGEMENT: BUILDING LONG-TERM RELATIONSHIPS

Engagement isn't just about keeping account holders; it's about making them active, loyal bank or credit union ecosystem participants. The deeper the engagement, the more likely an account holder is to adopt additional products and services — and the more likely they are to remain loyal.

Digital touchpoints have become the most important engagement channel, but only 9% of banks globally are considered digitally mature.[16] To stay competitive, financial institutions must prioritize both digital agility and consumer-centricity.

Digital solutions that automate processes can reduce staff time spent on routine tasks, allowing them to focus on other areas of importance.

For example, implementing a fully automated, tiered debit card rewards program is an easy way to create a new revenue source and make current relationships stickier without any extra work. Account holders are willing to pay a monthly fee for benefits and services they find valuable. In the process, this increases loyalty, moves the card to the top-of-wallet position and helps solidify PFI status.

**Only 9%
of banks globally** are considered
digitally mature.

Source: Digital Banking Report

RETENTION: KEEPING RELATIONSHIPS FOR LIFE

Retention requires continuous effort. Financial institutions must go beyond standard banking services to offer personalized, proactive communication that engages account holders. Experiences tailored to individual preferences can go a long way, while rewards and loyalty programs provide tangible reasons for account holders to stay.

Proactive communication, whether through personalized notifications or regular check-ins, builds trust and keeps the institution top-of-mind. Additionally, cross-selling based on an account holder's specific needs can help maximize the value of existing relationships.

ACQUISITION → **ONBOARDING** → **ENGAGEMENT** → **RETENTION**

ENGAGEMENT

TAKING A HOLISTIC APPROACH

Winning the battle for deposits demands an integrated strategy that looks beyond acquisition. Financial institutions must consider the entire ecosystem, ensuring that every touchpoint — from the moment an account holder opens an account to years down the line — is optimized for engagement and profitability. By investing in data intelligence, automation and consumer-centric strategies, community banks and credit unions can drive sustainable growth, deepen relationships and win long-lasting loyalty.

Partnering with experts who can deliver solutions with a history of achieving all these goals will improve the effectiveness of acquisition marketing dollars, engage new and existing account holders, and form sticky, loyal relationships — often without the need for any additional resources.

CHAPTER 4 REFERENCES

13, 16: *The Power of Primacy*

14: *The Value of Bank Referrals and How to Get Them*

15: *2024 Retail Banking Trends and Priorities,* January 2024

CHECKLIST FOR BUILDING RELATIONSHIPS & EARNING DEPOSITS

✓ Let the data drive account acquisition.

✓ Use your current relationships to acquire new ones through referrals.

✓ Engage early, often & for the life of the account.

✓ Win the transaction war.

✓ Focus on the # of relationship devices (tiers of debit cards).

✓ Have an integrated, automated incentive strategy.

✓ Find a partner, not a series of vendors.