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/ FOUR GROWTH HACKS FOR **INCREASING HOUSEHOLD & DEPOSIT ACQUISITION**

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As every banker knows, a healthy loan environment is important for maintaining healthy banks (see the old adage that loans create deposits). Increased lending requires increased deposits to pay for the loans and maintain an optimal loan-to-deposit ratio (LDR). Now that we're facing an up-rate environment for the first time in a generation, profitability becomes more difficult, putting even more pressure on core deposits to provide a stable source of funds, for lending activities as well as long-term profit potential.

The importance of core deposits can't be emphasized enough. In addition to a stable source of funds, they provide predictable costs and a reliable measurement of account holder loyalty. And rates paid on core deposits adjust more slowly, thus muting the impact on your institution's net interest margin (NIM) as our historically low interest rate environment recedes.

All this to say that attracting, retaining and growing core deposits is more important than ever — and that importance isn't going to change any time soon.

Many finanacial institutions have relied on organic growth to meet their deposit needs. Whether through their branch networks or their brand equity in the market, they've counted on new account holders walking through their doors and opening new accounts. Maybe they've tried one-off campaigns such as "refer a friend" or branch radius mailings, but these are typically few and far between.

What happens when organic growth stops?

How is your institution going to fund the loans it sells?

How will it ensure a stable source of funds?

ACQUISITION MARKETING TO THE RESCUE

Organic growth only goes so far. To consistently grow core deposits, banks and credit unions need a proactive approach to capturing new account holders and deposit accounts. Competition is fierce. Account holder experience is vital, and becoming more vital every day. The successful institution of the future is the one who's out there today, actively marketing to prospects in a targeted, strategic way.

IF YOU'RE READY TO BOOST HOUSEHOLD AND DEPOSIT ACQUISITION,

HERE ARE **FOUR QUESTIONS** TO ASK YOURSELF BEFORE DIVING IN.

01 What does success mean to you?

This seems like a no-brainer, but it's important to define success in order to attain it. Growth can come in many shapes and sizes, not all of them will work for your institution. Defining success before you begin allows you to establish key performance indicators (KPIs) and milestones t o measure your progress against.

Are you looking to grow a certain segment? Are you looking to grow your wallet share with existing account holders? Do you want to grow new households?

For example, maybe you want to attract more millennials. If so, you need to know how many you're currently serving and how they feel about you. What do you have to offer them? How are you going to keep their business over the long term? To answer these questions, you have to understand the wants and needs of your prospects, in this case millennials in your target area.

02 Who are your best account holders?

Not all account holders are created equal. A "quality over quantity" approach built around serving a smaller group that is more likely to engage with you over the long term and become evangelists for your brand is preferable to a "more is better" approach that doesn't take into account the costs of churn and attrition.
In order to know the best prospects to target, you need to understand who your best account holders are. Where do they live? What products do they buy from you? Through which channels do they engage with you? Are they ATM users? Do they prefer the drive-thru teller? Do they use your mobile app?

To attract your best account holders of tomorrow, gain a better understanding of your best account holders today.

03 What's your approach to attracting and engaging prospects?

Once you understand who your best prospects are, how are you going to attract them? What messaging will resonate with them, cutting through the endless noise they're bombarded with every day? What channels do they frequent?

Once you've got their attention, how are you going to engage them, to nurture them from a prospect or lead to a happy account holder?

While there may seem like fewer answers than questions, and marketing can be a never-ending task, it's important to stay focused on your core capabilities (what you can offer that no one else can) and how they overlap with what your best prospects want. **A targeted approach with personalized messaging will help position you to capture account holders when they're ready to switch.**

Above all, remember that cadence is key. Acquisition marketing is not a one-and-done campaign that you turn on and then off when you hit your numbers. It's a sustained, long-term approach to growing your business in a targeted, strategic and sustainable manner.

04 Does your customer experience measure up?

Consumers have radically changed how and why they make purchasing decisions. Gone are the days of simple price comparisons or what brands have the best features and benefits. Today's consumers evaluate each and every interaction they have with a brand, its products and its people, and they compare it across industries and businesses.

> CONSUMERS EXPECT TO RECEIVE WHAT THEY WANT, WHEN THEY WANT, VIA THE CHANNEL IN WHICH THEY WANT.

Whether online or over the phone or in a brick-and-mortar store or via a mobile app, account holders demand excellence each and every time.

Remember this as you proactively seek new account holders. They are comparing you not just against other financial institutions in your market, but against Amazon and Netflix and Spotify and Uber. Meet their expectations and you will continue to win the day. Fail to meet them and you will soon be left behind.

STEPHENIE WILLIAMS specializes in consumer acquisition marketing optimization for the financial services industry. Her experience spans more than twenty-five years in the financial services, retail and automotive industries. Williams helps clients achieve their key KPIs through the deployment of data-driven audience selection, creative messaging, and measurement.

Find out more about how Vericast's Acquisition solution can help your financial institution increase revenue, engage and delight your account holders at **contact@vericast.com**