



Checking: The Gateway to Greater Account Profitability



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PAYMENT SOLUTIONS



Yes, checking has changed. But the checking account generates approximately \$25 billion in consumer banking profits each year.¹ That's why acquiring and keeping checking account holders is so important. Consider the facts about checking accounts and how they might impact your institution.

The **checking account** generates approximately **\$25 billion** in consumer banking profits each year.¹

Fact:

Checking accounts drive incremental business and returns. Financial institutions that acquire and nurture checking relationships set themselves up for greater product penetration. Last year, approximately 41 percent of account holders bought at least one new product.² Primary financial institutions win approximately 50 percent of new product sales to account holders.³

Fact:

Checking accounts drive transactions. Account holders are using their checking accounts as much as ever, just in different ways. Debit card usage is up — 7.3 percent and 9.5 percent since 2012 for Visa® and MasterCard®, respectively.⁴ On average, U.S. mobile transactions have grown 118% per year for the last five years.⁵ All of this action — and transactions — started with a checking account.

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Fact:

Checking accounts enhance relationships and contribute to profitability. A new checking household is valued at \$791.⁶ A premium checking account with performance characteristics and larger balances, contributes to a 20% return on equity at many banks.⁷

Fact:

Consumers often change banks. The primary bank switching rate increased by more than 40 percent in late 2013 to an overall rate of 10 percent.⁸ That put \$675 billion in deposits in play.⁹ Winning primary financial status means more of those deposits stay at your institution. And it all starts with the checking account.

¹ AOL/Oliver Wyman, *Making the Switch Survey*, 2012

² Bain & Company, *Customer Loyalty in Retail Banking: Global Edition*, 2013

³ *ibid*

⁴ Nilson, *U.S. General Purpose Credit Cards*, December 2013

⁵ Merchant Warehouse, *Trends and Highlights in Mobile Payments*, September 5, 2014

⁶ Callahan & Associates, Javelin Strategy & Research, Moebs Services and Harland Clarke, *Combined Aggregate Data*, 2012-2013

⁷ CenterState Bank, *Optimize Premium Checking Accounts*, December 16, 2013

⁸ AlixPartners, *Mobile Financial Services Tracking Study*, March 2014

⁹ Javelin Strategy & Research, *Financial Institution Vulnerability Index*, 2012

Fact:

Bank switchers are high value. Consumers who are likely to switch banks manage deposits that are 30 percent higher than those who are unlikely to switch. Moreover, bank switchers are willing to pay close to \$92 million in fees for four value-added services: money orders, cashier's checks, safe-deposit box rentals and mobile deposit services.¹⁰



Consumers who are likely to **switch banks** maintain deposits that are **30 percent higher.**¹⁰

Fact:

Convenience keeps checking account holders satisfied. Thirty-one percent of consumers said convenience/ease of access is the best thing about their accounts.¹¹ Certainly nearby branches, checks, ATMs, online banking and mobile banking give consumers ready access to their funds.

What Do the Facts Say?

These trends tell us much about how consumers are using their checking accounts, how often they're switching banks, and how vital checking accounts are to household affinity. Financial institutions that know how to attract profitable account holders, understand their needs, offer a variety of products, and provide easy access will succeed in deepening relationships and increasing wallet share.

If you'd like to learn more about how to acquire profitable new checking account holders, call **1.800.351.3843**, email us at **contactHC@harlandclarke.com** or visit **harlandclarke.com/AcquisitionAccelerator**.

¹⁰ Javelin Strategy & Research, *Financial Institution Vulnerability Index*, 2012

¹¹ TD Bank, *Checking Experience Index*, 2013