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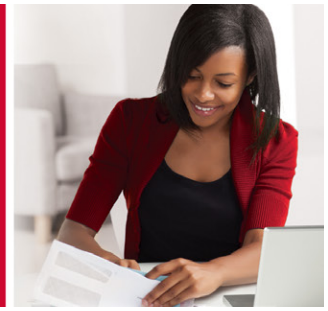


Deepening Share of Wallet among Retail Banking Customers

Since fewer customers have switched financial institutions in the past 12 months, compared with 2012 (8% vs. 10%, respectively), and intended future attrition has also declined (11% vs. 13%, respectively), it's more vital than ever for banks to find new ways to generate added revenue from existing customers.

Additionally, the decline in market churn has limited a banks' ability to acquire new customers. Deepening share of wallet among existing customers is a cost-effective option for increasing future revenue and improving overall financial performance. Banks that are able to increase their share of deposits by 2 percentage points stand to gain $40.7 million in deposits per 100,000 customers.

What can banks do to improve share of wallet?

Understand that a strong relationship exists between overall satisfaction and share of wallet.

Retail banking customers with higher levels of overall satisfaction also have greater share of their deposits and investable assets with their primary bank.

An analysis of the overall experience among highly satisfied customers (overall satisfaction scores of 800 or above) allows for identification and prioritization of the aspects of the experience that influence greater share of wallet. While there are some common drivers of increasing deposit and investment share, the magnitude of impact differs by account type. For example, communication has the most significant impact on increasing share of investable assets, while courtesy, reliability, branch appearance, and account initiation have the greatest impact on increasing share of deposits.

Performance Metrics	Share of Deposits	Share of Investable Assets
Representative courtesy	$$$	$
Communication	No impact	$$$
Account initiation	$$	$
Reliability	$$	$
Branch appearance	$$	No impact
Channel functionality	$	$
Product features/benefits	$	$$
Channel accessibility	$	No impact

Note: $–Low impact; $$–Moderate impact; $$$–High impact

*Source: J.D. Power & Associates 2013 U.S. Retail Banking Satisfaction Study*SM

Maximize the Onboarding Experience

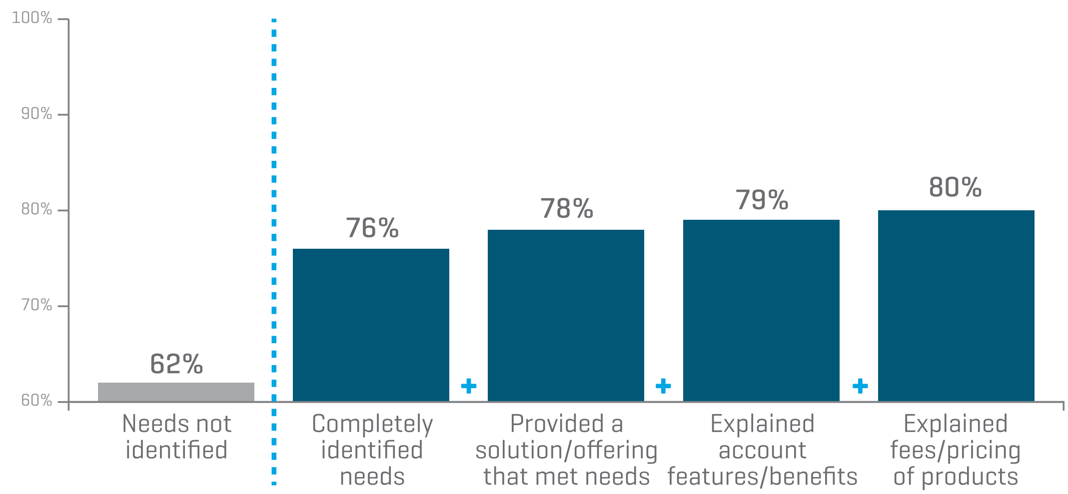
On average, new customers maintain a lower share of deposits with their new bank, compared to customers with longer tenure. To increase share of wallet, banks should:

- Ensure representatives fully identify customer needs up front
- Provide products/solutions that meet those specific needs
- Thoroughly explain account features and fees at the time of account opening

> "Retail banking customers with higher levels of overall satisfaction also have greater share of their deposits and investable assets with their primary bank."

Representatives need to be flexible in their communications and modify their messages and levels of explanation to address the specific needs of customers. For example, when onboarding Gen X and Gen Y customers, it may be most appropriate to simply highlight available mobile banking features; however, customers in the Boomer generation may prefer to be shown a comprehensive demonstration of the tool. Pre-Boomers may have no interest in mobile banking, but may require assistance setting up their online account. During each customer interaction, representatives need to be flexible, thorough, and willing to spend as much time as needed to properly address customer needs, recommend the most suitable products, and explain all product details.

NEW ACCOUNT BEST PRACTICES AND IMPACT ON SHARE OF WALLET



Source: J.D. Power 2013 U.S. Retail Banking Satisfaction Study[SM]

Reduce or Eliminate Fee-Related Problems Before They Occur

Reducing the number of problems associated with fees helps preserve overall customer satisfaction, and therefore has a positive impact on share of wallet. Fee-related problems may be reduced by implementing the following four practices:

1. Fully disclose all fees, especially during onboarding, using easily understood terminology. Customers should be made aware of the amount of any fees, when and how fees will be assessed, and, where possible, how fees can be avoided.
2. Proactively review account holdings to ensure customers are in the right product for their needs—is there a better product offering for the customer's balance, usage, and financial needs that would reduce the amount of fees the customer pays?
3. Schedule timely notification of fee changes. When it is necessary to adjust pricing strategies regarding fees, it is imperative that customers are made aware of changes in advance of implementation, not only because of regulations, but also because customers are more receptive to fees when they expect them and understand why they are being charged.

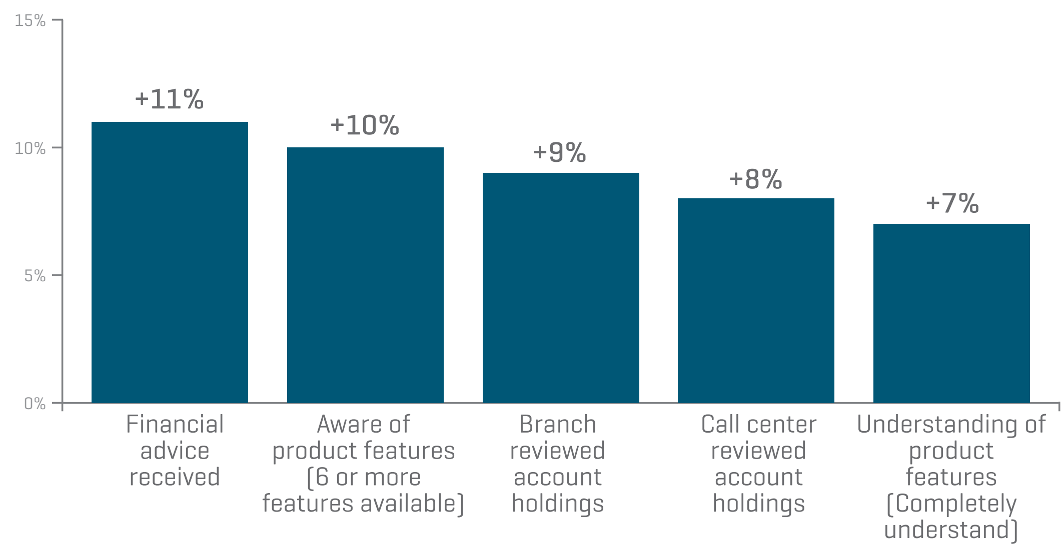
4. Use multiple and effective channels to communicate fee-related information to customers to ensure they receive the information. Discussions regarding fees are most effective when done in person or via email. Data across multiple J.D. Power financial services studies shows that using traditional mail is the least effective method for communicating fees and terms.

Clearly Communicate Additional Products and Services

Reviews of customer account holdings and informing customers of other/new products or services that may better service their financial situation also have a considerable impact on investment share. However, in order for this to be successful, it is imperative that bank representatives:

- Conduct reviews and deliver product and service information, while also being respectful of customers' time perimeters
- Be trained to quickly identify opportunities for new products or product upgrades by quickly reviewing available customer information (e.g., account balances, transaction history or number of products) and then allow customers to open a new account or switch accounts at their convenience
- Make customers aware of the product features or benefits associated with their accounts and ensure that they completely understand the available features

IMPACT ON COMMUNICATION AND PRODUCT OFFERING METRICS ON SHARE OF WALLET

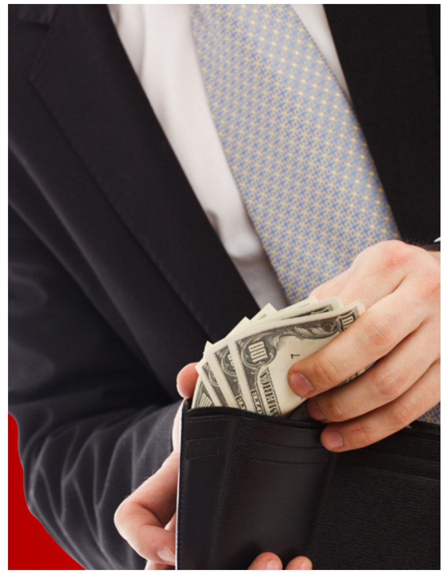


*Source: J.D. Power 2013 U.S. Retail Banking Satisfaction Study*SM

Conclusion

Customer attrition rates have decreased during the past year, limiting the opportunities for new customer acquisition and making it important for banks to review and focus on strategies aimed at deepening share of wallet to improve financial performance. For banks to improve their bottom-line performance, they must first understand the drivers that lead to a deeper share of wallet and how to implement specific improvement initiatives, which include the following:

- Given that new customers have a lower percentage of their deposits with their new financial institution, it is critical for banks to provide an exemplary onboarding experience to maximize deposit share. This consists of a thorough exploration of customer needs as well as full explanation of account features and pricing. Furthermore, for both the branch and call center, emphasis should be placed on consistent and sincere delivery of customer service basics, such as friendly greetings, offering further assistance, and thanking customers for their business.
- Banks should continue to focus on reducing fee-related problems and, as possible, maintain fee stability. Banks need to review fee messaging and communication strategies to ensure programs are geared toward driving greater understanding, not simply fulfilling requirements.
- Communication has a significant impact on share of investable assets. Banks should focus on reviewing account holdings and providing financial advice to customers highlighting the bank's product offerings and promoting customer confidence.



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