

revolutionizing profitability

Drive Deposit Growth With Innovative Commercial Banking Technology

Today's economic environment is driving banks to rethink their growth and profitability strategies – and for good reason.

Rising rates and an increased reliance on wholesale funding sources led to tighter net interest margins (NIMs) in 2023.¹

As a result, many banks are pursuing low-cost deposit growth strategies to decrease reliance on wholesale funding and have more control over their NIM. A cornerstone of these strategies is commercial deposit growth via new operating accounts and deeper business relationships.

the makeup of a good commercial depositor

When you analyze the makeup of your ideal commercial deposit customer, your first thought is probably businesses carrying large balances. And yes, balances do matter. But what's more important, is how those deposits are distributed and used.



If deposits are all in high-rate savings accounts, money market accounts, or their value swings wildly from day-to-day or week-to-week, they aren't going to increase your net interest margin or fund more of your own lending activity.

Instead, you'll want to seek deposits with lower interest rate sensitivity and more stability, like those held in commercial operating accounts.

an attractive market

While any new commercial operating account or business relationship can be cause for celebration, a particularly attractive market segment to consider are businesses who currently use or could benefit from using a treasury management system.

But what makes this market so attractive to banks seeking deposit growth and increased profitability?

The average deposit balance of a treasury management customer is 31% (about \$900,000) higher than a commercial customer that doesn't use treasury services.² Treasury management customers are also much less rate sensitive, with a beta six times lower than those in commercial money markets or other interest-bearing deposit accounts.

When priced correctly, treasury management services can become a strong contributor to your non-interest income.

In fact, some estimates indicate an average treasury management customer can generate nearly \$13,000 of fee income annually – while a strong treasury management customer can generate \$300,000 or more per year.³

Furthermore, you can expect to achieve first-year revenue gains between 10% and 15% of your commercial portfolio.⁴

The associated fees for the use of treasury management along with the strong deposit balances and low interest rate sensitivity make these relationships highly profitable for your bank.



Only 23% of treasury management professionals feel satisfied with their current treasury solution.

attracting and targeting treasury management customers

When you can count your treasury management customers as some of your most profitable clients on a risk-adjusted basis, the next step is attracting and retaining them.

Even better news ... this may be easier than you think! Did you know:

- **Only 23% of finance and payment professionals feel their banks fully meet their cash or treasury management needs from a functionality and usability standpoint.**⁵ This means, despite the inherent challenges banks face in helping commercial clients change their primary banking relationship, a dramatic percentage of accountholders feel under-supported at their current financial institution.
- **98% of accountholders could be more confident about their level of visibility into their cash flow.**⁶ This dramatically high number indicates a substantial gap between what commercial business customers need and what solutions they're being offered.
- **At an average community bank, only 17% of commercial, non-profit, or municipal customers are using treasury management services.**⁷ While the remaining 83% of your business accountholders will not all be the right fit for treasury management services, a close examination of your portfolio will identify opportunities to deepen your relationship with existing customers.

the technology behind treasury management

To properly serve this attractive market, you'll need to ensure you have a robust treasury management solution in place.



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The economic conditions and uncertainty that have challenged banks over the past several years have also affected what corporations desire. In fact, today's treasury professionals are placing a strong focus on:⁸

- Cash management and forecasting
- Liquidity and cash planning
- Payments and related technologies

With these strategic priorities increasing in importance over the last two years, it's clear robust reporting, planning, and payments tools need to be essential features of your treasury management solution.

non-negotiables in your delivery

Beyond reporting, planning, and payments tools, your treasury management solution should also cover these essential items:

- **Positive Pay for checks and ACH transactions.** In today's [fraud-riddled landscape](#), positive pay is a must-have.
- **A modern and flexible user interface.** Business happens on the go. You need an interface that shines on any device (desktop, mobile, and tablet) and meets your customers' needs for convenience and innovation.
- **Robust customization for individual treasury management users.** Did you know 55% of businesses considering a move to fintech-provided treasury services cited ease of use as the driving factor? Empowering your users to set up a dashboard that meets their unique use cases and favorite reports will go a long way.

the time is now

With 57% of banks ranking corporate digital banking platforms and channels as a top product investment priority⁹ and only 23% of treasury management professionals feeling satisfied with their current treasury solution, representing such a lucrative market



At an average community bank, only **17%** of commercial, non-profit, or municipal customers are using treasury management services.

segment can help you compete effectively, innovate faster, and differentiate strategically.

The Jack Henry™ JHA Treasury Management™ solution is a robust, configurable, and engineered solution that uses modern technology to empower your business customers with the tools they need to manage their daily financial workflows – making JHA Treasury Management exactly what this profitable market is looking for today.

There has never been a better time to add or improve your treasury management technology to attract and serve this deposit-rich, profitable market.

expand your knowledge

Article

[Diversifying Your Commercial Portfolio:
Drive Growth with Treasury Management](#)

Article

[Fortify Your Defenses: Combat Check Fraud
with Positive Pay](#)

For more information about Jack Henry, visit jackhenry.com.

sources

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