

5 Questions to Determine A Profitable Client Relationship

1 Do we have the client's primary transacting accounts?

Customer Relationship Level	Revenue	Attrition Rate	Lifetime Value
Primary	3.2 x	7%	8 x
Secondary	2.1 x	8%	3.5 x
Unengaged	1 x	21%	1 x
Prospect			

- A - Account Opening
- B - Transitioned Basic Operating Relationship
- C - Established Primary Relationship
- D - Last Chance To Retain Relationship
- E - Account Closing

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- ▶ Owning the Primary Transacting Account is the key correlating factor to having a profitable relationship.
- ▶ Customers with primary operating relationships generate 3.2x revenue and 8x lifetime value.

2 Are loans priced and sized appropriately for term and risk profile?

Loan Pricing Must Account for Risk and Duration

NIM | take into account the duration of the loan when pricing.

RANIM | look at risk associated with each loan.

3 Does the client have the optimal Treasury Management services?

TM Matters for Untapped Profitability

\$1300 | Average annual TM revenue per client

3x | Profit for a TM client vs. Non-TM client

10% | Minimum TM penetration for business clients

*based on live client data

4 Are lines priced and sized appropriately?

Don't Incentivize Unprofitable Products

>50% Utilization ▲ 36% RAROC ▲ \$16MM of Net Income ▲ \$44MM of Econ Capital

<50% Utilization ▼ 4% RAROC ▼ \$1MM of Net Income ▼ \$25MM of Econ Capital

*based on live client data

5 Do we have the business owner's personal deposit, wealth, and investment balances?

Low Risk Options to Maximize Wallet Share



When a banker moves a client from a basic relationship to an established primary relationship, then getting deposit, wealth and other balances are low risk options.

Get Your Bankers Involved

- ▶ Data needs to be available, accessible, and part of all decision-making.
- ▶ Provide bankers with tools to show profitability and help them with pricing to ensure profitable relationships.
- ▶ Track and display performance to help bankers know they are meeting expectations.

BONUS: Give Your Bankers An Actionable Dashboard

