



The Association of
Accountants and
Financial Professionals
in Business

ACE 2016 – IMA's Annual Conference and Expo

Roundtable Discussion: Customer Profitability Destroys Banking Industry Myths

Facilitator: Dan Hill, CMA, CFM



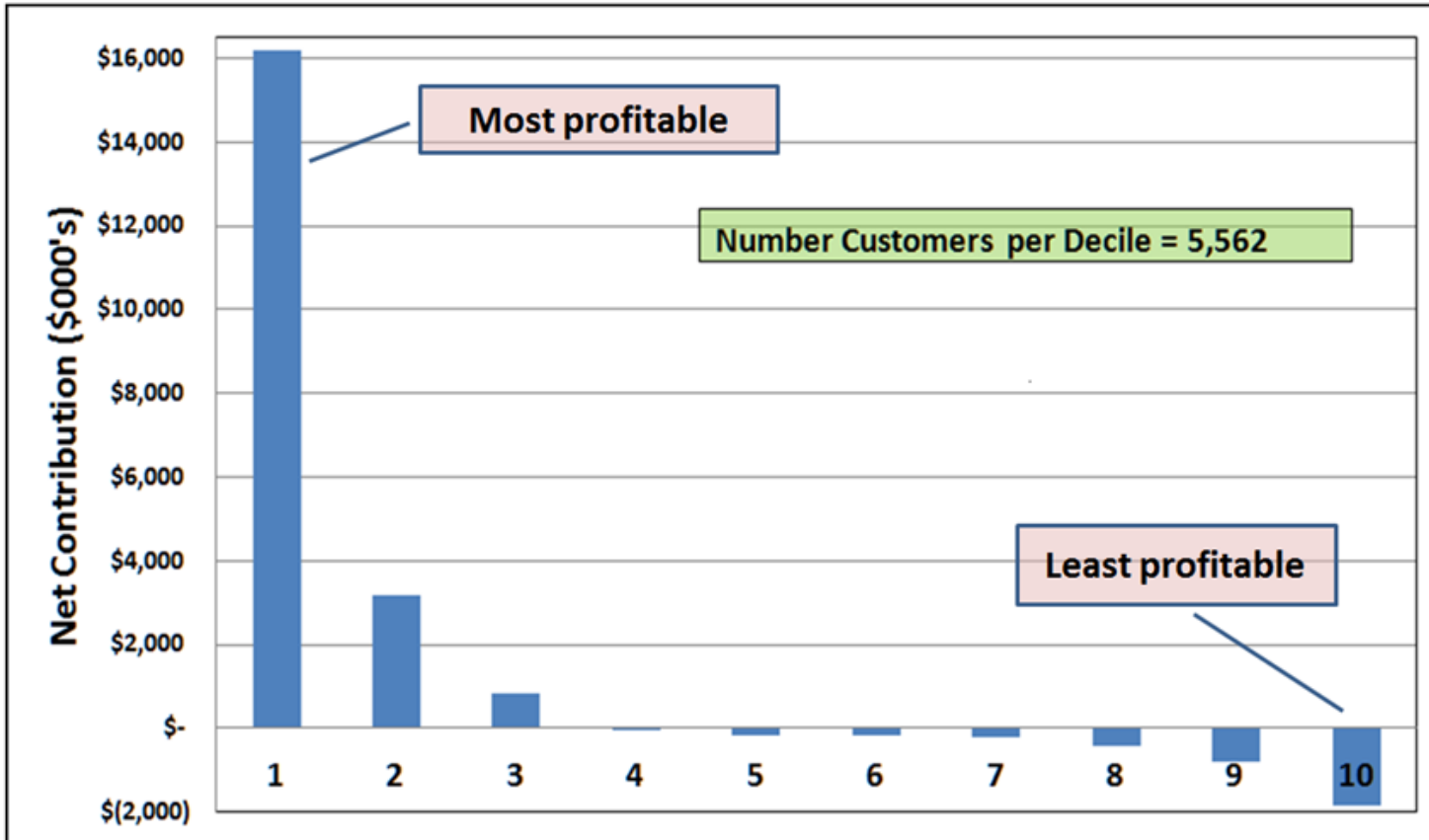
Alta Via Consulting, LLC
"A Better Use of Information"

Banking Industry Myths

1. The majority of banking customers are profitable
2. The more accounts a customer has the more profitable the customer
3. The higher the loan balances the more profitable the customer
4. Product profitability is a good management tool



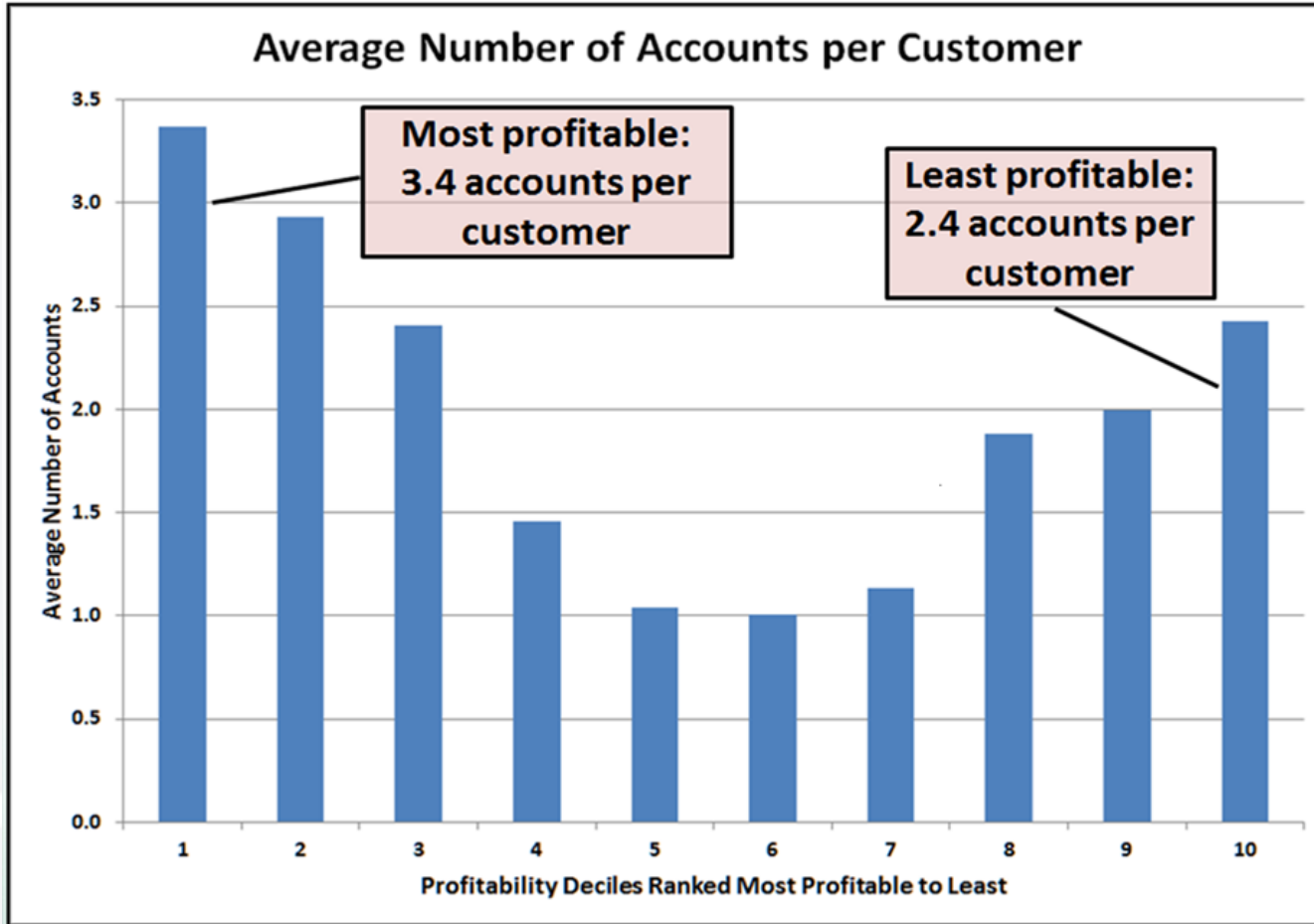
Customer Profitability at a Mid-Sized Credit Union



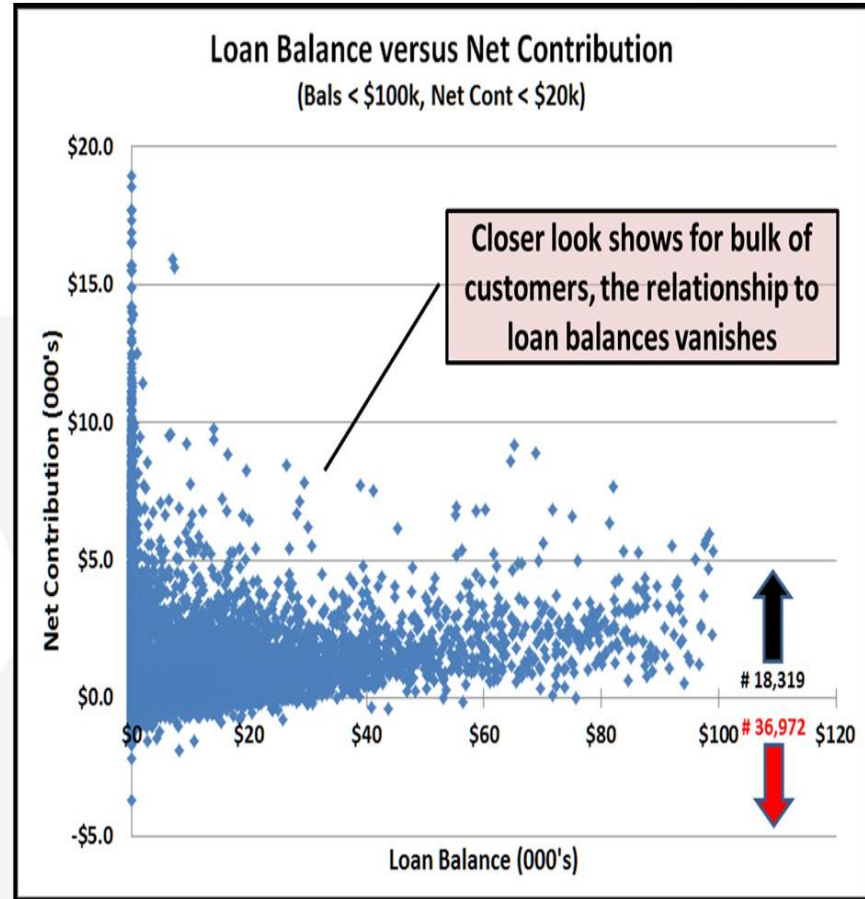
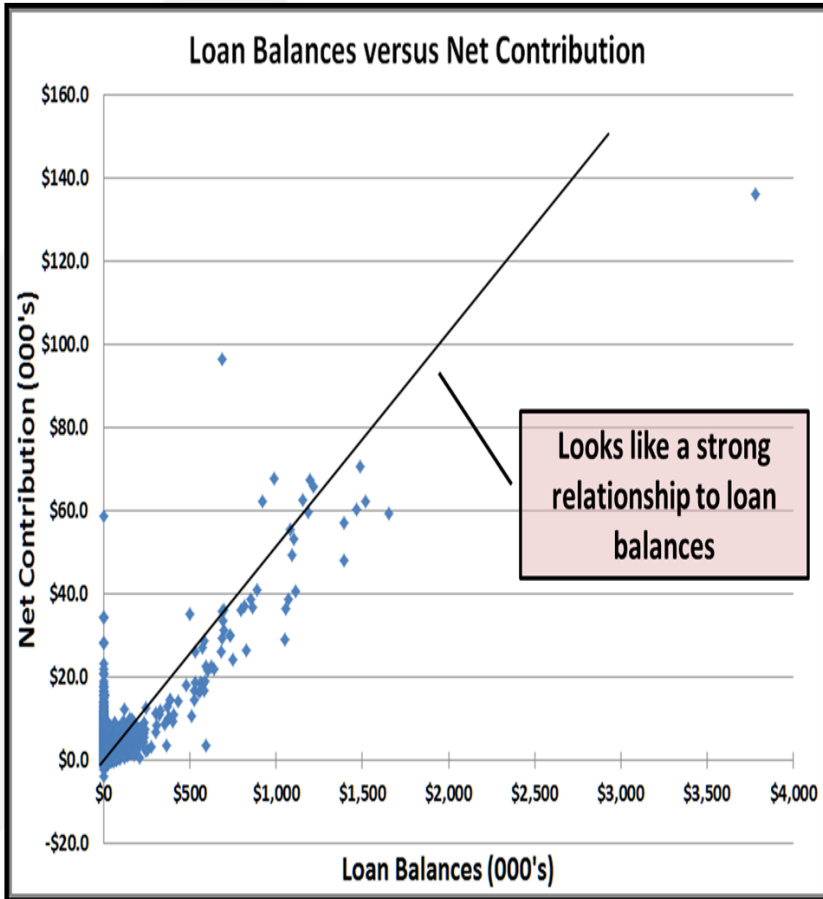
Customer Profitability Deciles



Does Cross-Selling Increase Profitability?

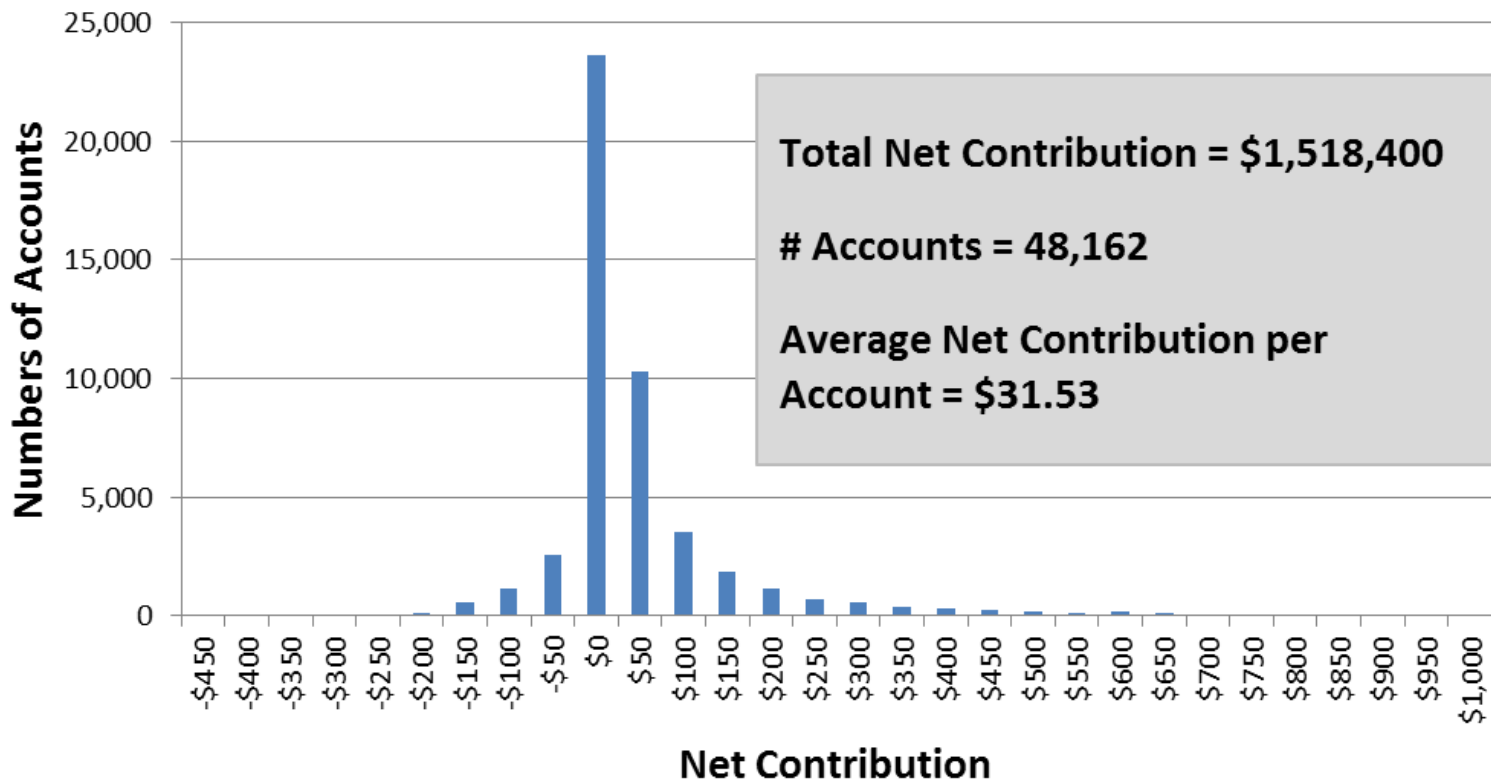


Do Higher Loan Balances Increase Profitability?



Product Profitability is Misleading

Checking Account Product



Methodology and Further Information

- I. Customer profitability at mid-sized credit union with 275 employees and \$723 million in assets using
 - a. Advanced costing techniques (ABC)
 - b. Funds transfer pricing (FTP)
 - c. Loan loss provision
 - d. Number of transactions by customer

- II. For more information see Alta Via Consulting's blogs "Banking Industry Myths Parts 1 – 5" at www.altavia.com/blog/

- III. Contact Dan Hill, CMA, CFM, at dhill@altavia.com or cell 704-618-0126

