

# KASASA<sup>®</sup> CASE STUDY

**Adapting Existing Kasasa Program  
to New Industry Pressures**

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# ▶ Adapting Existing Kasasa Program to New Industry Pressures

## CHALLENGE

The community financial institution was succeeding with Kasasa, which was delivering on their goals of driving non-interest income and new relationships. The economic recession hit and changed the institution's short-term goals. They had originally structured Kasasa to drive deposit growth, but now wanted to control that growth and curb interest expense due to decreased loan demand. However, they did not want to shed the deposits or lose the new relationships they had attained, which was their concern with lowering rates.

### FI PROFILE

Asset size: \$277M

\$46.2 million in Kasasa product portfolio

Headquarters: Southeastern U.S. city, population 69,000

Number of branches: 4

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## GOALS

- 1) Lower cost of funds and overall interest expense
- 2) Minimize new deposit growth
- 3) Reduce average balance per Kasasa checking account
- 4) Retain at least 90% of existing relationships

## STRATEGY

- Reduce both the promoted and the above-cap rate on Kasasa Cash® checking account
- Simultaneously reduce the balance cap for earning the promoted rate
- Introduce a Kasasa Saver® account that can be linked to Kasasa Cash

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## RESULTS

Despite reducing the promoted interest rate and balance cap in the Kasasa Cash checking account, the institution was able to strengthen existing relationships by introducing Kasasa Saver. As a result, the institution not only retained the Kasasa account holders and the higher non-interest income they deliver, but also lowered their cost of funds. Specific results include:

- ▶ **Retained 98% of customers in existing accounts**
- ▶ **Minimized new deposit growth, while still retaining 92% of existing deposits**

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## RESULTS

- ▶ **Average balance per Kasasa Cash checking account decreased by 29%, while a portion of deposits moved into the Kasasa Saver account earning a lower blended APY and reducing the institution's interest expense**

- ▶ **43% reduction in cost of funds (133 bps), resulting in \$614,000 in annual savings**

- In conjunction with lower average balances being offset by the same non-interest income per account, this reduced the all-in cost of deposits on Kasasa Cash by 223 basis points

## KEY TAKEAWAYS

- When an institution's objectives change, the Kasasa product design can be adapted to successfully meet the new objectives.
- Kasasa's account-level analytical capabilities, combined with its proprietary best practices learned from thousands of product design implementations, provides the unique ability to implement strategies that achieve institution-specific objectives.
- Unlike traditional products, where a rate reduction leads to lost relationships, Kasasa's versatility creates retention through the right product design and retail product offerings.
- Kasasa Saver is a natural cross-sell opportunity that deepens relationships and increases retention.