



Does it make money?

How to calculate return on investment
for account opening technology

MANTL

Introduction

When financial institutions assess technology, it can be hard to gauge how software provides tangible value. Platforms made for retail and commercial account opening are no exception.

This guide will show you how to calculate ROI on account opening platforms.

Understanding how account opening platforms deliver ROI will help banking leaders compare platforms in terms of their contribution to growth and profitability. It also will help leaders report the value of their investment in technology within the organization.

Readers will walk away from this guide knowing:

- Where account opening sits amongst institutions' tech priorities
- How interest rates are changing the deposit opportunity landscape
- How waste destroys ROI
- How to identify ROI across all components of the account opening process



A deposit tech race

Leveraging technology to create a more competitive and efficient organization is a key reason banks increased their year-over-year budget for buying technology by a median of 11% in 2022, according to a Bank Director survey of leaders at 140 banks.¹

Leveraging technology to create a more competitive and efficient organization was a key area of concern for nearly half of all leaders, according to Laura Alix, the association's director of research. While headlines often focus on threats from fintech, bank leaders are more concerned – by a 10% margin – about competition from other local banks and credit unions. About 54% of banks polled had acquired new digital account opening technology during 2022. Another 30% had upgraded or implemented digital account opening for businesses.

With rates rising, retail and business depositors have more options for riskless returns today than they have had for 15 years. Higher yields in safe investments, like bonds, certificates of deposit (CDs), and even savings accounts, now incentivize depositors to shop rates. The stars are aligning for the largest, nearly-frictionless wave of deposit movement since before the Great Recession of 2008.

The banking industry now has an incredible double opportunity because of technology. Easy, quick, and accessible account opening can allow them to win new relationships in a marketplace where many depositors will seek a new home for their money. The right technology for account opening can address the inefficiency on banking leaders' minds while also creating huge opportunities for return on investment.



¹Bank Director, "2022 Technology Survey Results: Investing in Banking's Future," August 2022.

Deriving an ROI equation

This will sound counterintuitive but success at deposit growth is not about reaching a goal for new funding or accounts opened. Banking leaders are learning that an institution can originate millions in new deposits, but because of all the waste, staff time, and fraud, the return on deposits gathered is destroyed.

Leaders have found that a real return on new deposits requires account opening technology that eliminates waste by providing high marketing conversions, efficient opening processes, funded accounts, low branch expenses and cost of funds, and low-to-no fraud. To generate ROI, deposit technology must:

- Reduce back-office headcount
- Eliminate fraud
- Increase marketing conversions from application to account open
- Reduce cost of funding
- Cut branch expenses or achieve greater reach without new branches
- Support more fee income from new deposit accounts

Now, pare it down to an equation:

$$\text{ROI} = \frac{\text{combined cost savings + revenue growth driven by the technology}}{\text{the cost of technology}}$$

But is cost savings in each of these categories realistic? Does the experience of peer institutions support it? Let's look at reports from MANTL customers.



Reducing overhead and fraud

Banking institutions can access enormous savings from automation that removes the need for manual account audits, regulatory steps, and data entry. On top of that, fraud mitigation can drive savings even closer to the bottom line, according to MANTL customers.

Consider regulator-required tasks to verify a depositor's identity and prevent money laundering. Staff time on these steps alone costs banks hundreds of thousands each year. With the help of automation, FIs can reduce account opening time to as little as 3 minutes.

Normally, manual tasks would scale with account opening, but that doesn't have to be the case. Some MANTL customers have reduced manual reviews by as much as 70% – saving up to five employees' worth of work on a seven-person staff – while reducing fraud by up to 67%.



REDUCTION
in back-office headcount

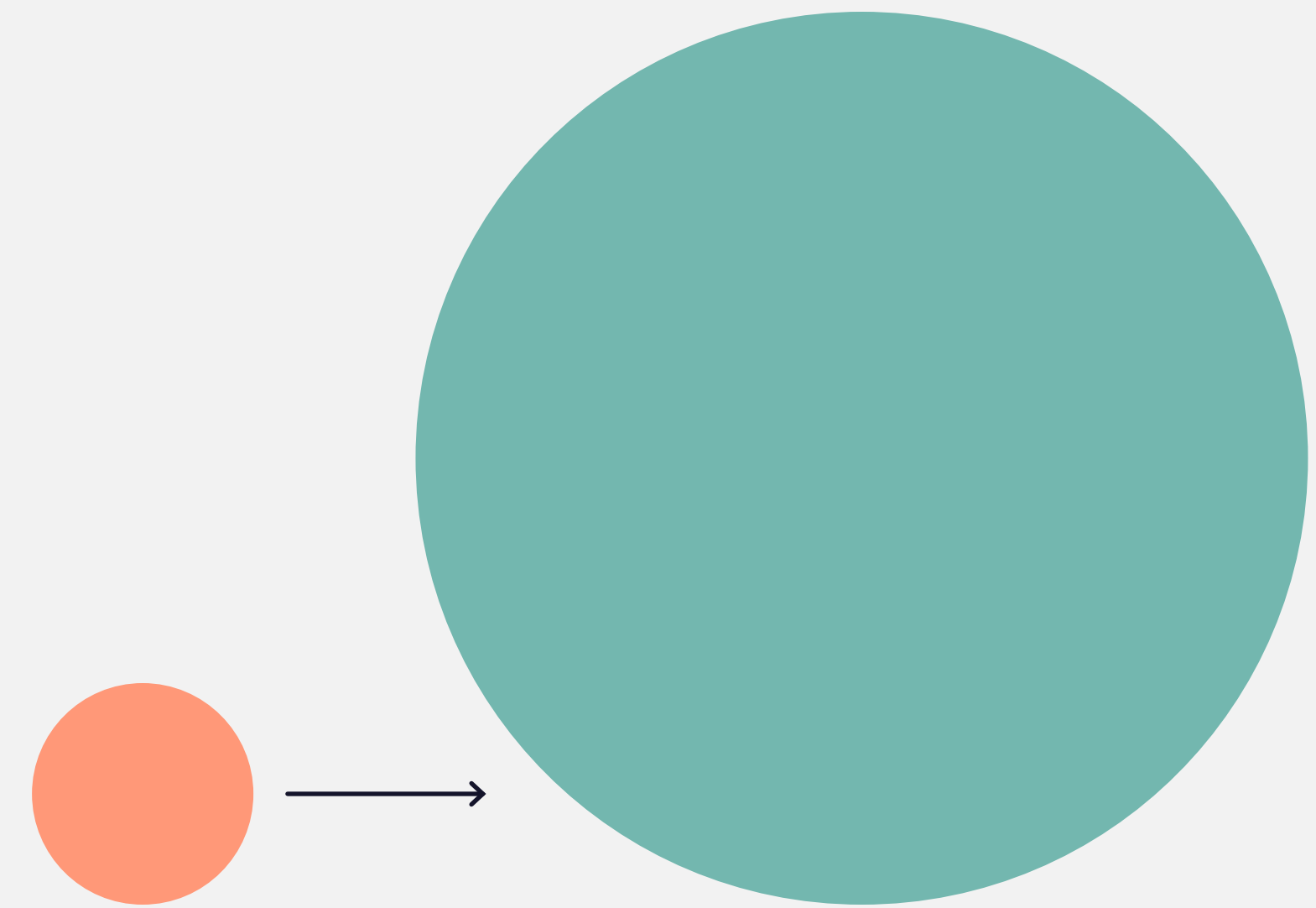


REDUCTION
in fraud

Increased marketing conversions

Clunky account opening experiences waste untold amounts from bank and credit union budgets because friction in account opening derails applicants before they can finish the process. For most institutions, about 70% of account applicants do not reach the point of application submission. Just 9% become account holders, according to data gathered by MANTL.² LendingClub overcame its friction problem by redeploying staff time to higher-value activities, such as developing better insights on its customer relationships as well as using data to focus marketing on the most effective conversion tactics.

With application times reduced to as little as 3 minutes, leading institutions can increase their conversion rates – from lead to funded account – by as much as 4x.



4x increase in conversion rate from lead to funded account

² MANTL, "Better Technology Means Better Outcomes." 2022

Lower cost of funding, increased fee income

United National Corporation was named “the best large community bank of 2020” because its high net interest margin of 18.84%.³ What was the company’s secret? In part, it was the prowess of its subsidiary, First PREMIER Bank, at keeping cost of funds low by earning expanded deposit relationships with existing customers.

In 2020, the bank utilized the MANTL platform to launch online account opening to attract new customers and deepen current relationships. Within the first few months, with average account funding increased to \$550 from just \$50, new account growth accelerated by more than 30%. About 76% of new accounts opened were existing customers.

Many of MANTL’s customers utilize the platform’s automation to trigger issuing a debit card to new account holders, when appropriate, without the need for manual review. Interchange can only begin once the customer has their card in-hand and activated – supporting an average of \$100 in fee income per year for every new account.⁴

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³ S&P Global Market Intelligence, “[The Top Community Banks and Credit Unions of 2020](#),” March 2021.

⁴ Estimated sum of annual interchange, NSF, account, and ATM as reported by The Board of Governors of the Federal Reserve System, “[Average Debit Card Interchange Fee by Payment Card Network](#)” July 2022; and Bankrate, “[2022 Checking Account And ATM Fee Study](#),” August 2022.



Launching a digital branch

The 117-year-old Midwest BankCentre launched a digital branch, Rising Bank, to raise \$100 million in high-yield savings and CDs to replace wholesale funding with core deposits.

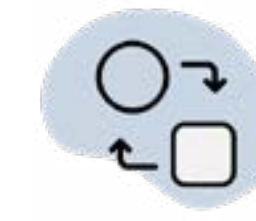
Midwest BankCentre not only reached \$100 million in net new deposits, with an application time of fewer than 3 minutes, it saw a 48% average conversion rate from lead to application.

“The launch of Rising Bank resulted in the same deposit growth as building 10 new branches,” says Dale Oberkfell, former President & CFO at Midwest BankCentre.



\$100 million

in net new deposits,
\$200 million by second year



48%

average conversion rate
from lead to application



\$55,000

average initial deposit



The same deposit
growth as building
10 new branches

Does it make money?

How would an institution show its account opening technology makes money? And how can leaders quantify the tangible return on investment generated by account opening technology?

Assume an institution wants to run a campaign to raise \$100 million through average initial deposits of \$10,000 across 10,000 new accounts – a similar campaign size to those completed by MANTL customers. Now, let's solve the ROI equation using peer experience:

ROI on account opening campaigns or technology = combined cost savings + revenue growth driven by the technology) - the cost of the technology

Suppose an account opening technology costs a very high amount, such as \$250,000 per year. At that cost, banks and credit unions have paid for a platform within one month of launching a deposit growth campaign with the right tech partner. In fact, at that price point, an institution would earn 14.6 times its initial investment after just one campaign.

When institutions look at budgeting for technology, they tend to focus on costs. It's an important step, but they should always look beyond cost. There is a difference between what a platform costs and what it is costing you. One is its price tag; the other is its effect on your business. Both partners and vendors have a price tag, but vendors cost you while partners provide benefits many times greater than their cost.



Combined cost savings:

70% reduction in account review costs
=
\$250,000 or 5 fewer FTEs

67% reduction in fraud
=
\$150,000

4x increase in conversion from marketing through application to account open
=
\$750,000

Lower cost of funding (assumes 1.25% lower than wholesale costs)
=
\$1,250,000

Remove expenses from one branch
=
\$250,000 or more

Revenue growth driven by the technology:

Supported fee income of approximately \$100 per new account per year
=
\$1,000,000

Savings + revenue
=
\$3,650,000 in cost savings and additional revenue

Less \$250,000 in technology cost
=
\$3,400,000

ROI
=
14.6x

Payback period
=
0.82 months



MANTL is a financial technology firm offering omnichannel account origination software for banks and credit unions. Consumer Deposit Origination by MANTL is among the fastest and most performant solutions on the market, empowering net-new prospects to open accounts in under three minutes, enabling existing account holders to open additional accounts with just one click, and reducing fraud by as much as 67%. Commercial Deposit Origination by MANTL is a first-of-its-kind solution that reimagines account opening for businesses of all sizes by automating up to 97% of application decisions. MANTL's customers have raised billions in core deposits to date. Founded in 2016, MANTL is a privately held company headquartered in New York with the backing of prominent venture capital investors. For more information, visit mantl.com.

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