Using Peer Data to Set your Strategic Priorities

8 critical steps to rapidly advance
the ROI of your tech investment

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❯ Company
 Who we are

Founded in 2014, FI Navigator delivers an unprecedented **data and analytics platform** to the U.S. banking vertical's vendors, advisors and financial institutions.

The online applications have two **primary focal points** applicable to multiple use cases for subscribing institutions:

- Institution Analytics
- Technology Analytics

Subscribing clients leverage FI Navigator's data & analytics to **transform their strategy, performance and offering** by harnessing big data.

FI Advisory Experience.
Management's initial experience in FI advisory ranged from earnings enhancement consulting to M&A to strategic planning. That experience was foundational in understanding the *drivers of FI franchise value*.

FI Executive Validation.
Decomposing those drivers into decision tree-based navigation, the team launched the industry's first *SaaS analytics firm BancIntelligence.com* in 2000. BancIntelligence grew to serve over 1,000 financial institutions providing scalable, frictionless analysis to their top executives. That company was *acquired by Fiserv* in 2007.

Data Sources
Website data is the literal exhaust of digital transformation. FI Navigator extracts and converts this unstructured data into comparable data for every FI.

Website data sources include:

- FI web sites – text, HTML, URL's
- Mobile app stores
- Job post & resume aggregators
- Vendor press releases
- Social media sites

FI Navigator has developed thousands of **technology signature criteria** from these sources which continuously process against newly harvested website data.

Strategy Matters

Lending Focus
- Ex: CRE vs. Thrift

Funding Focus
- Ex: High % of Non-Maturity

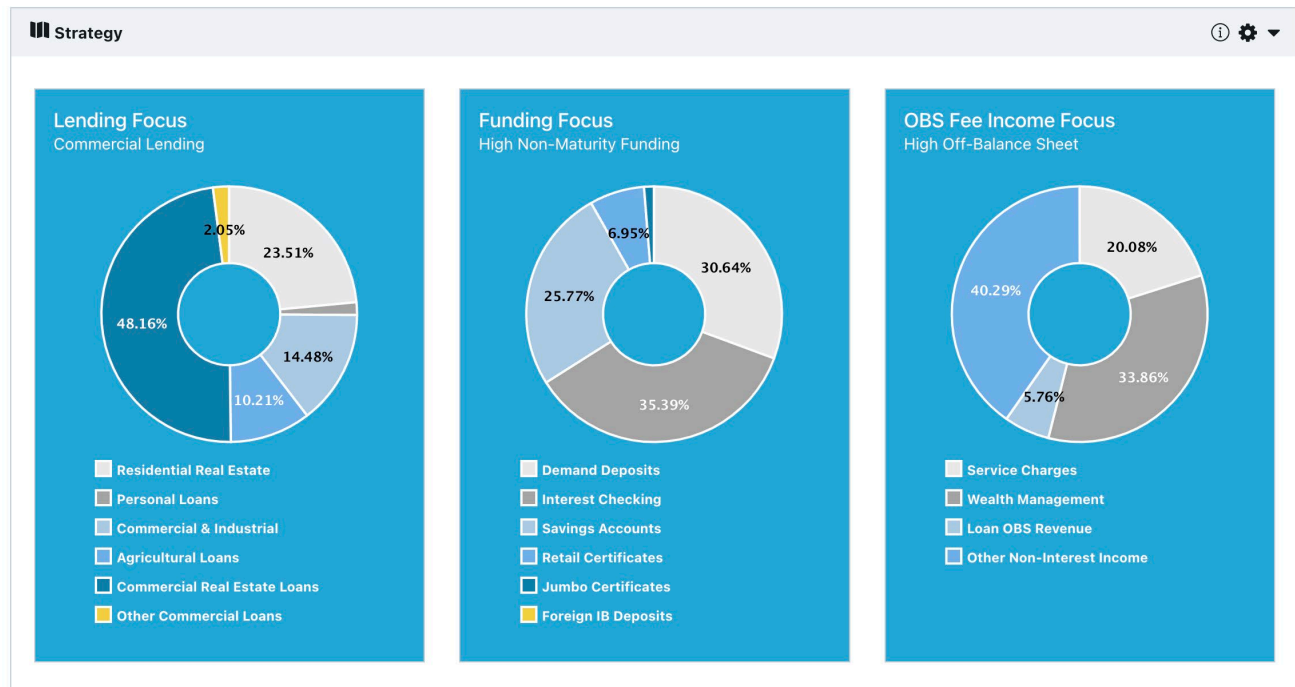**Off Balance Sheet Revenue**
- Ex: Large Trust Department

High Performance
- ROA > X
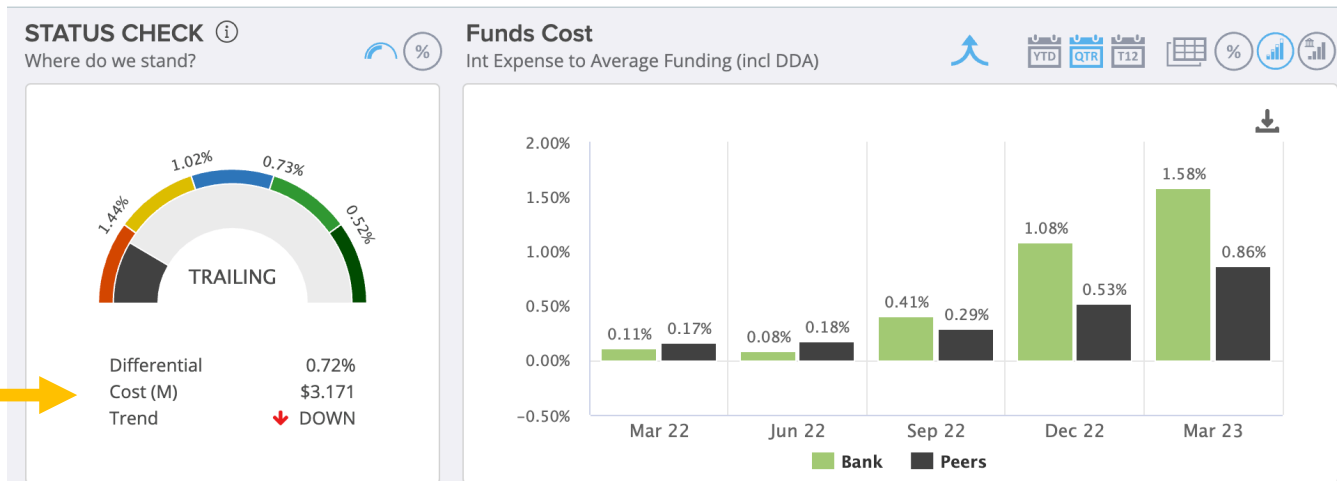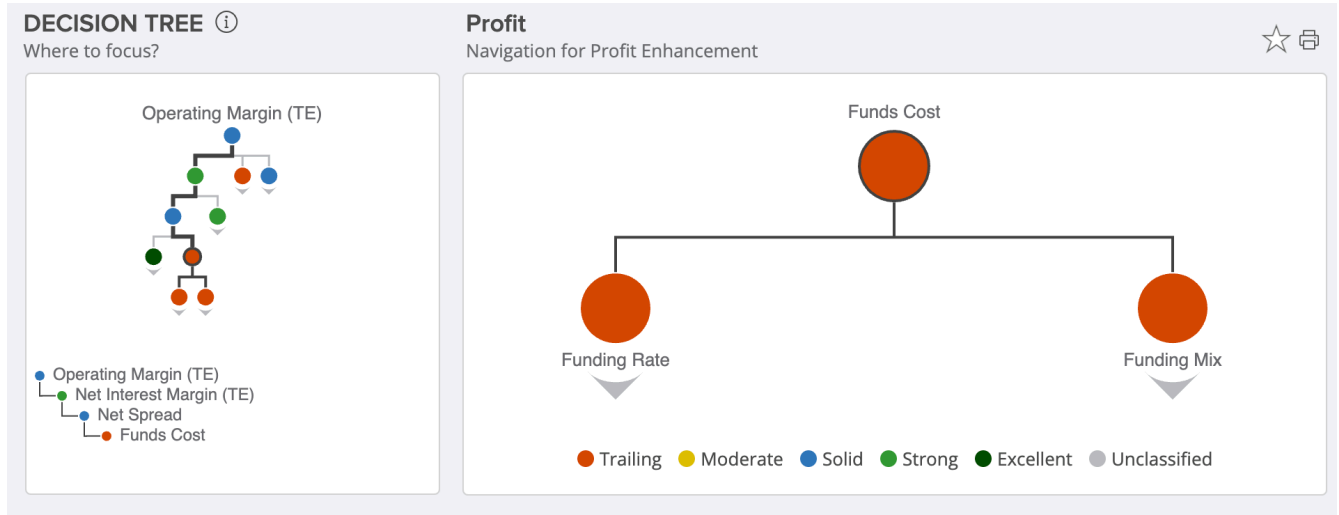- Challenge ourselves
- Finding basis points

Asset Range

Innovation Score

Market Area

Strategy

Lending Focus
Commercial Lending

- 2.05%
- 23.51%
- 48.16%
- 14.48%
- 10.21%

- Residential Real Estate
- Personal Loans
- Commercial & Industrial
- Agricultural Loans
- Commercial Real Estate Loans
- Other Commercial Loans

Funding Focus
High Non-Maturity Funding

- 6.95%
- 30.64%
- 25.77%
- 35.39%

- Demand Deposits
- Interest Checking
- Savings Accounts
- Retail Certificates
- Jumbo Certificates
- Foreign IB Deposits

OBS Fee Income Focus
High Off-Balance Sheet

- 20.08%
- 40.29%
- 33.86%
- 5.76%

- Service Charges
- Wealth Management
- Loan OBS Revenue
- Other Non-Interest Income

Profit ---- Growth ---- Risk

Peer Comparison:

Funding = $3 Million Annual Opportunity

DECISION TREE ⓘ
Where to focus?

Operating Margin (TE)

- Operating Margin (TE)
  - Net Interest Margin (TE)
    - Net Spread
      - Funds Cost

Profit
Navigation for Profit Enhancement

Funds Cost

Funding Rate   Funding Mix

● Trailing ● Moderate ● Solid ● Strong ● Excellent ● Unclassified

STATUS CHECK ⓘ
Where do we stand?

1.44%   1.02%   0.73%
                0.52%

TRAILING

Differential	0.72%
Cost (M)	$3.171
Trend	↓ DOWN

Funds Cost
Int Expense to Average Funding (incl DDA)

| YTD | QTR | T12 |

Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
0.11% / 0.17%	0.08% / 0.18%	0.41% / 0.29%	1.08% / 0.53%	1.58% / 0.86%

■ Bank ■ Peers

Profit Benchmarking example:

Funding

Risk Benchmarking example:

Liquidity (Funding)

SITUATION AUDIT
Where do we stand?

Primary Theme ⓘ
Deposit Pricing

PERFORMANCE
50%
EXCEPTION

Opportunity Assessment ⓘ
Strengths & Opportunities

YTD | QTR | T12

Strengths
- Earning Asset Yield (TE)
- Loan Yield/Pricing
- Consumer Loan Yield
- Residential Mortgage Yield
- Oth Consumer Loan Yield
- Commercial RE Loan Yield
- Comm'l & Industrial Yield
- Loan Volume
- Investment Performance
- Commercial NM Account Volume

Opportunities
- Public & Instit Funding
- Funds Cost (including DDA)
- Deposit Pricing
- Non-Maturity Deposit Pricing
- Interest Checking Rate
- Savings Account Rate
- Certificate Deposit Pricing
- Retail CD Rate
- Jumbo CD Rate
- Funding Composition

SITUATION AUDIT
Where do we stand?

Primary Theme ⓘ
Liquidity

PERFORMANCE
88%
EXCEPTION

Opportunity Assessment ⓘ
Strengths & Opportunities

YTD | QTR | T12

Strengths
- Texas Ratio Level
- Leverage Ratio
- C&D Concentration
- Non-Performing Loans & Leases
- Non-Accrual Loans
- Low Risk Investments Level
- Core Income Growth
- Quick Ratio Position
- Borrowings Dependency

Opportunities
- Loan Diversification
- Core Return on Assets
- Loans to Deposits Ratio
- Core Deposit Volume
- Relationship Deposits
- Funding Costs
- Funding Costs
- Available for Sale Assets
- Non-Maturity Deposit Pricing
- Certificate Deposit Pricing

A key missing link in peer analysis informs decisions in the most rapidly evolving aspect of banking:

*Note: Audit your own website

Do we offer it?

% of Peers

SOLUTION HIERARCHY
Where to focus?

Retail Services
- > Retail Payments
- > Retail Digital Channels
- > Customer Acquisition
- > Rewards & Value-Added Services
- > Consumer Liquidity Management
- > Convenience Services
- > Retail Deposit Products
- > Personal Lending
- > Home Lending
- > Wealth Management

Business Services
- > Receivables Management
- > Payments Management
- > Cash Management
- > Payroll Services
- > Municipal Banking
- > Business Digital Channels

Offering ⓘ
Navigation for Offering Enhancement

Offering Classification ⓘ

Next Most Likely Solution ⓘ

⌃ **Municipal Banking** ●●●○○ | Municipal Lending ▾

Municipal Deposits
● Municipal Deposits — View Solution — Peer Table
Peer Group % Offering: **96%**

Municipal Lending
● Municipal Lending — Peer Table
Peer Group % Offering: **65%**

Public Finance
● Public Finance — Peer Table
Peer Group % Offering

⌃ **Business Digital Channels** ●○○○○ | Business Online Banking ▾

Business Online Banking
● Business Online Banking — Peer Table
Peer Group % Offering: **81%**

Business Mobile Banking
● Business Mobile Banking — Peer Table
Peer Group % Offering: **45%**

1. Prioritize investment in new offerings / technology based on peer exceptions

2. What will most advance progress on our overriding theme? What will have the fastest / best ROI?

3. Niches: ex: Legal Practices, HOA, 1031 Exchange
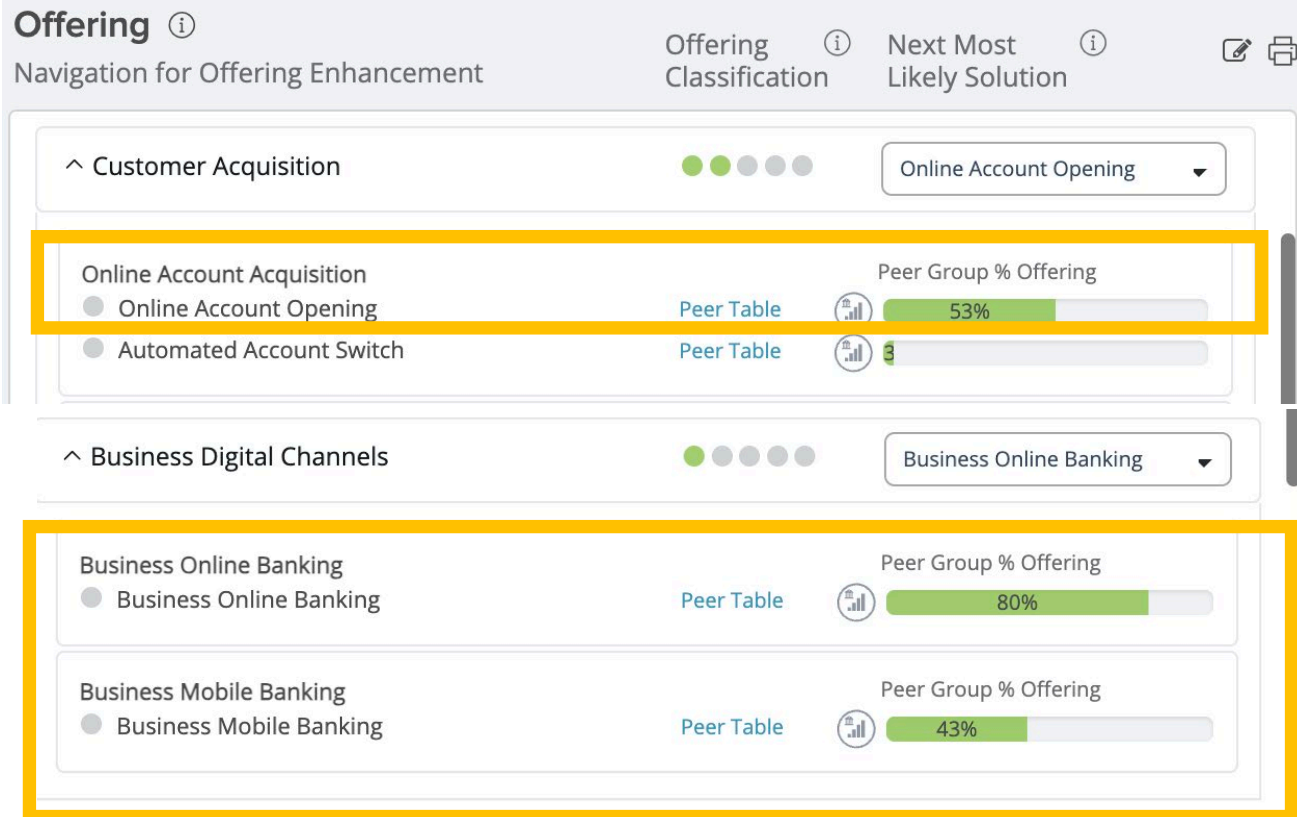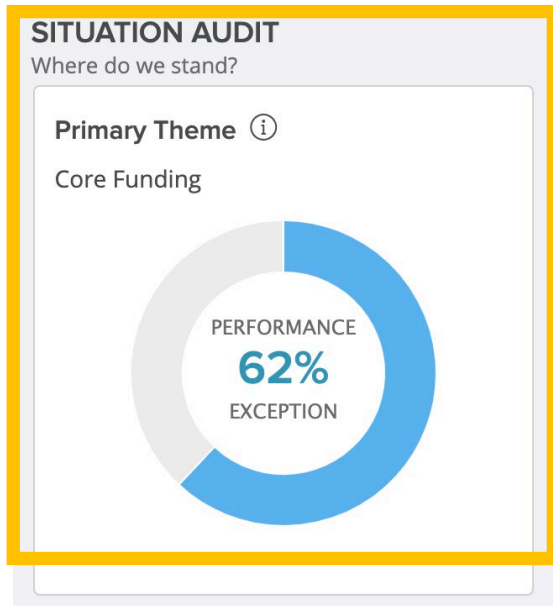
Actual market share of each fintech AND integration with your core. Speak with other bankers, on your core, who have already implemented the solution:

Implementing tech is only the first step– mystery shop other websites for messaging:

1. On-going process
   a. Owner
   b. Supported by committee (BOD subcommittee?)

   "You do not rise to the level of your goals. You fall to the level of your systems."
   — James Clear, Atomic Habits

FINavigator | 8 Critical Steps:
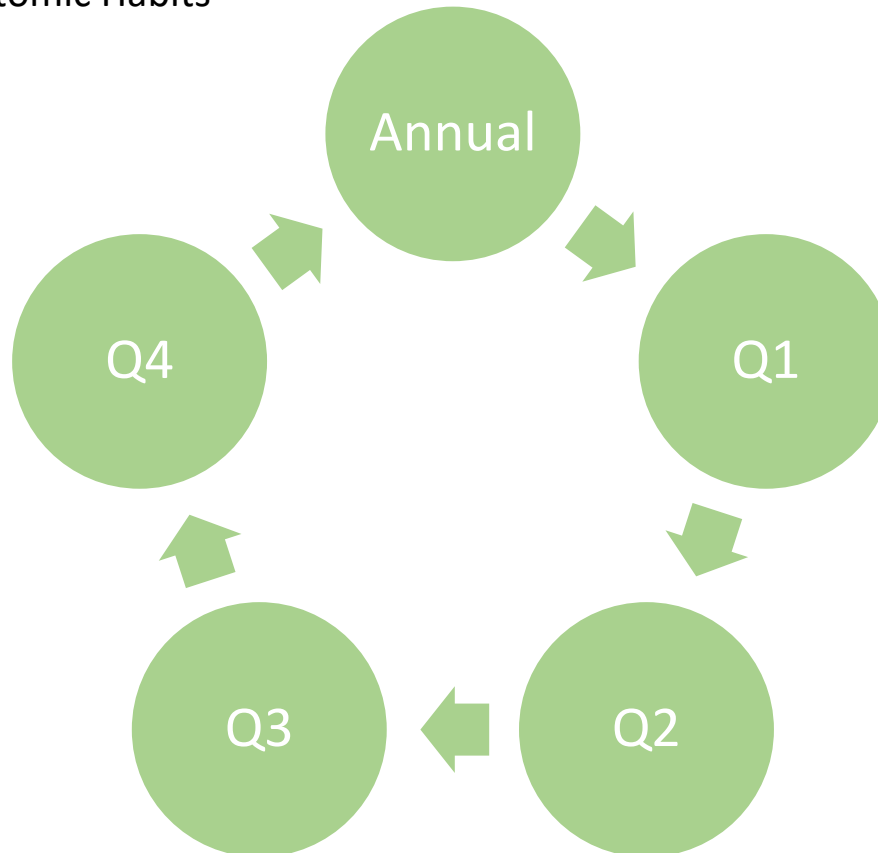
Checklist:

- ☐ Select the right peer group
- ☐ Benchmark performance vs peers
- ☐ Identify performance deficiency theme
- ☐ Benchmark digital offerings vs peers
- ☐ Prioritize tech investment
- ☐ Vendor selection and due diligence
- ☐ Examine peer positioning/marketing
- ☐ On-going process

Live - Case Study Bank

8 Steps using FI Navigator

FI Navigator

Questions?

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