

# Trends in Commercial Banking

Zoya Lieberman, CTP

VP, Benchmarking & Applied Analytics  
Commercial Banking

[zoya.Lieberman@informa.com](mailto:zoya.Lieberman@informa.com)



# 2017-2019 Observations Historical Perspective

## 2018 REVIEW - BANKING HEADLINE TRENDS

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### 2017 highlights

- FIs have *cleaned balance sheets*, improved asset quality, increased loan balances and better capital and liquidity ratios
- Net income has returned to pre-crisis levels but *profitability has not*
- Extended *low interest rate environment* has been most challenging to FIs
- FIs are vulnerable to *interest rate risk* when interest rates eventually normalize to long run levels
- Recent macro and political *tailwinds* have helped FIs
- Non-traditional players are challenging the established order, leading with customer-centric innovation
- Predictive Analytics & Big Data Help Banks Find Opportunity Amid Shrinking Margins

### 2018 highlights

- Increased rate movement in 2018 based on four Fed changes
- Larger rate increases on average for FI's <\$50BB on earning credit rates
- FDIC Fee: FI's \$50BB charging approx. 30% more than smaller FI's
- Fundamental changes in the Money Market Mutual Funds space
- Services codes mapping and efficiencies
- Focus on innovation and faster payments
- Partnerships with fintech organizations



# Top trends of 2018

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## Faster Payments

- Same Day ACH
- Real Time Payments

## Automated Payables

- Evolutions of services
- Who is offering this service and why

## Small Business Focus

- Evolution of packages
- Multi module solutions
- Pay as you go

## Virtual payables

- Tokens
- Security
- Rewards

## Liquidity

- Hybrids
- Investment Sweeps
- MMMF

## Product and services strategy

- Code mapping and efficiencies
- Service codes consolidation
- Competitive edge



# Earnings Credit Rates




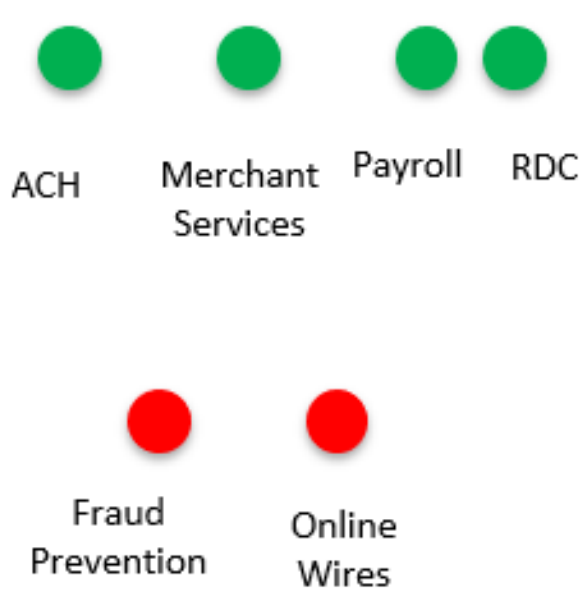
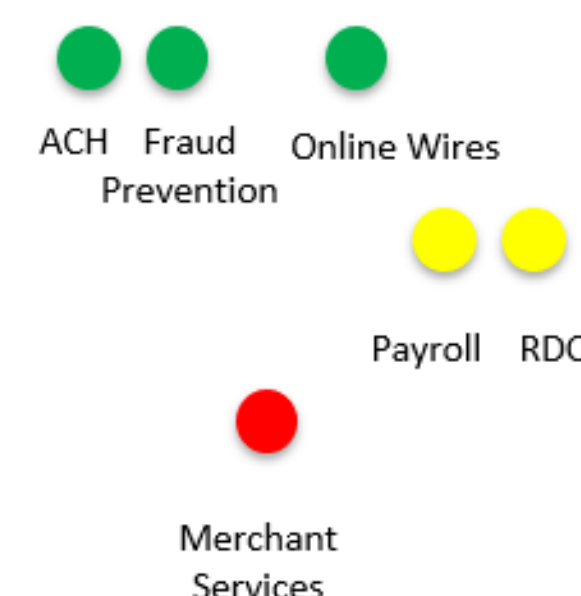
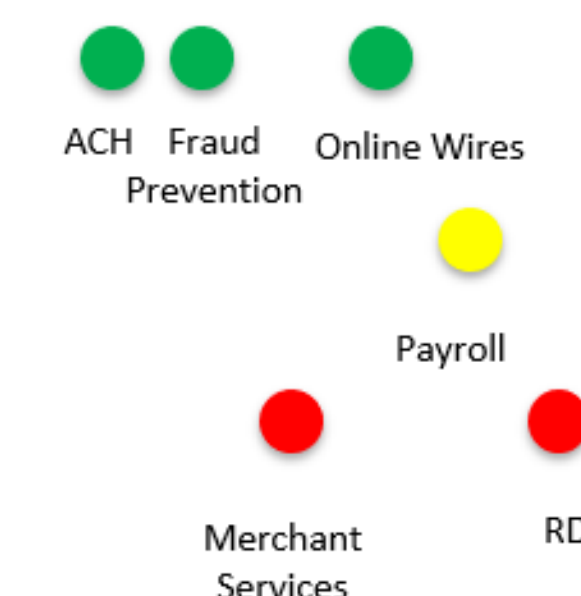
# Packages — Structure Summary

Business packages availability

Strategy

Pricing options

Target market

	Account Package	Bundle Package	Online Banking Package
<b>Client Segment Design</b>	Small Business	Middle Market	Middle Market / Small Business
<b>Market Availability</b>	Common	Uncommon	Common
<b>Product Utilization</b> 			
<b>Key Feature</b>	<ul style="list-style-type: none"> <li>Requires Checking Account</li> <li>Provides clients ability to waive monthly checking fees</li> </ul>	<ul style="list-style-type: none"> <li>Static limits and pricing that provides client discounts for utilizing multiple products</li> </ul>	<ul style="list-style-type: none"> <li>Requires Online Banking</li> <li>Multi-level product determines electronic banking product availability to clients</li> </ul>
<b>Package Examples</b>	<ul style="list-style-type: none"> <li>Bank of America – Business Fundamentals</li> <li>PNC – Treasury Enterprise Plan</li> <li>Wells Fargo – Business Checking</li> </ul>	<ul style="list-style-type: none"> <li>Bank of America – Cash Management Essentials</li> </ul>	<ul style="list-style-type: none"> <li>Chase – Chase Connect</li> <li>Regions – Business Online</li> <li>SunTrust – Online Cash Manager</li> </ul>



# Projections for 2019+



# Outlook for 2019 and beyond

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## Global View

- China's property market and banking sector positive outlook
- Political situation in Europe, central and south America, as well as US impacts economic outlook
- Inflation is a wild card: official numbers versus reality

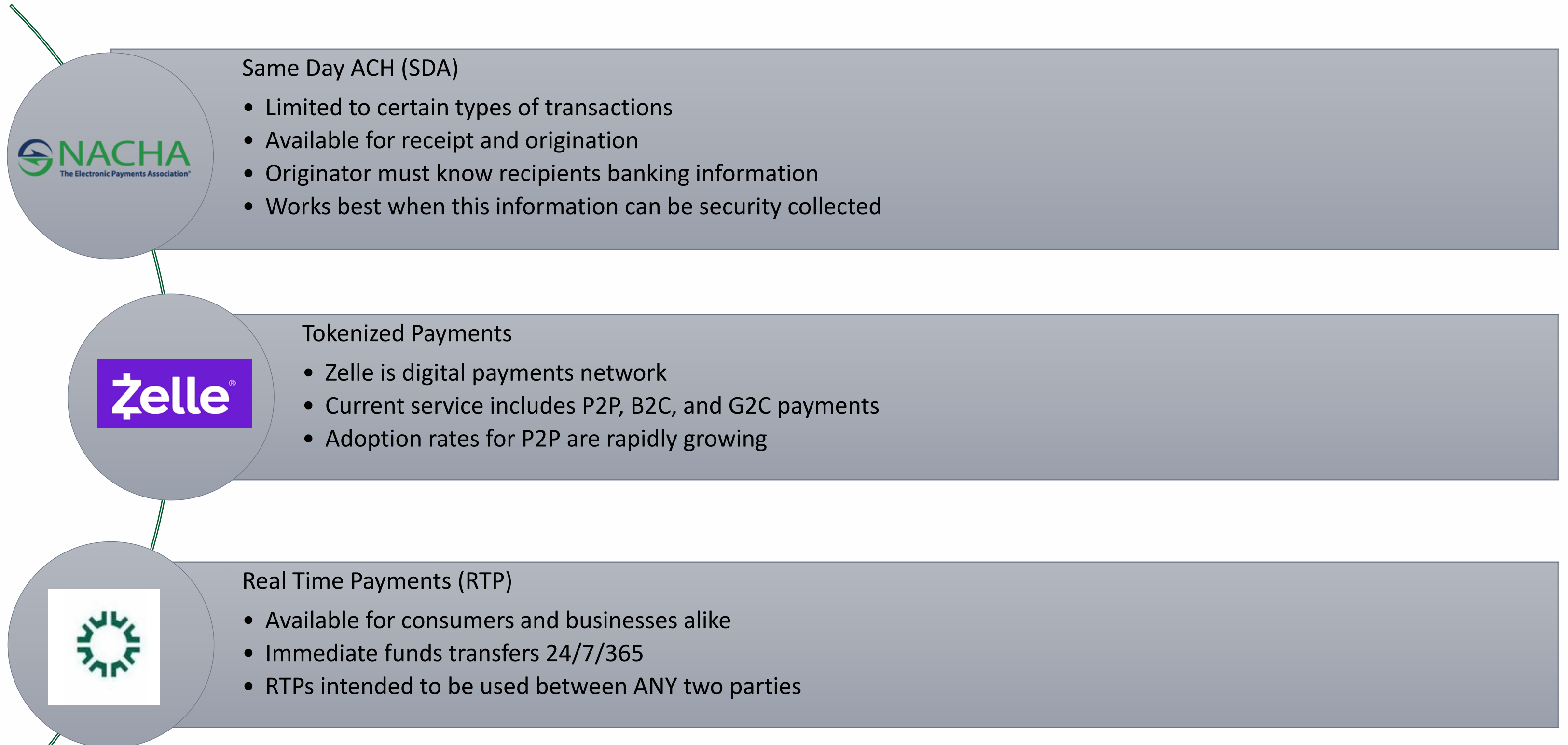
## Domestic View

- Anticipation of multiple rate hikes
- Cryptocurrencies: gamble vs investment game
- Technology vs security: is blockchain truly unbreakable?
- Faster payments: fast enough?



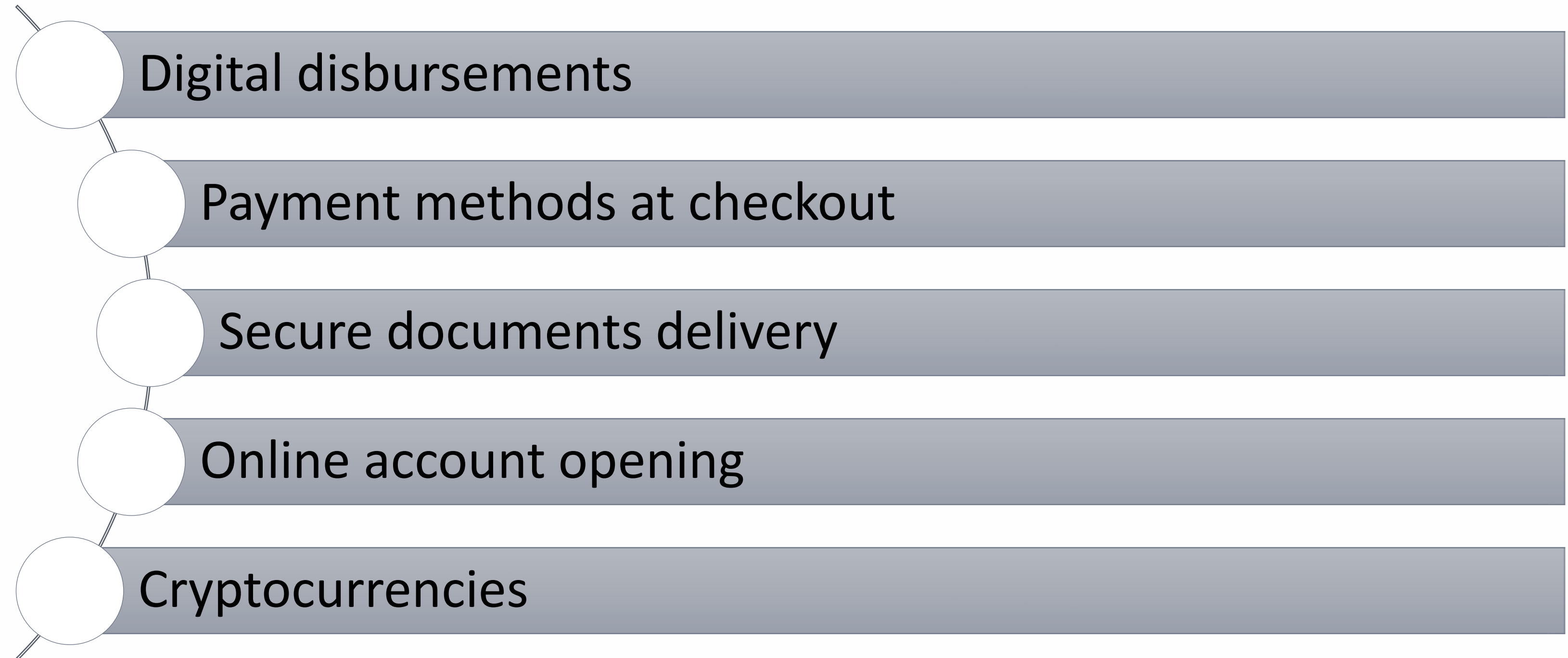


# Faster Payment: Key Market Players



# Top Trends in Fintech Space

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# Questions?

**Zoya Lieberman, CTP**

VP, Benchmarking & Applied Analytics  
Commercial Banking

**Informa Financial Intelligence**

**T: 818.961.8627**

**M: 818.288.6084**

[zoya.Lieberman@informa.com](mailto:zoya.Lieberman@informa.com)