

## Core Deposit Analytics

March 19 & 21, 2012  
2:00 pm – 3:40 pm Central

### Overview

The most cost effective hedge against interest rate risk in rising rate environments is an effective core funding strategy aimed at supplying the core funding you need while effectively managing funding costs. In addition two of the most important assumptions you will ever input into your asset-liability model are the pricing betas for all deposits and decay rates on non-maturity deposits. With the disappearance of OTS, the primary source of industry pricing betas and decay rate assumptions will go away early in 2012. After that point you are likely to see increased pressure from regulators to develop and use institution specific assumptions. While you are likely to contract with an outside firm to do the analysis, it is important that you understand the theory behind derivation of these assumptions so you can use them comfortably and explain them to your regulator.

In this two part Webinar series, Tom Farin will:

1. Discuss the theory and application of marginal cost analysis in making effective deposit pricing decisions.
2. Discuss the role tracking systems play in gaining a better understanding of how and why your customers respond to your pricing actions.
3. Demonstrate the value of segmentation strategies in cost of funds management.
4. Lay out the theory and practice of deriving, using, and modifying pricing beta assumptions on both CDs and non-maturity deposits.
5. Lay out the theory and practice of deriving decay rates on non-maturity deposits based on historical data.

### Learning Objectives

- How to apply marginal cost as a decision making tool in choosing between deposit strategies.
- The kind of information to track allowing you to better understand the relationship between pricing and demand in your customer base.
- What is a pricing beta and what role does it play in modeling cost of funds as rates change.
- Methods for calculating decay rates on non-maturity deposits.
- How segmentation strategies can have a positive effect on pricing betas and decay rates.

### Agenda

- Significance of core deposit analytics in managing funding costs, assessing values, and feeding key assumptions to you're a/L model.
- Best practices approach to deriving pricing betas on CDs and non-maturity deposits
- Best practices approach to deriving decay rates on non-maturity deposits.
- Using tracking systems to provide feedback in improving assumptions.
- Use of marginal cost as a tool in deciding between strategies.
- Role of segmentation strategies in reducing marginal cost and pricing betas.

## CPE Credit Hours



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- Level: Intermediate
- Prerequisites: None
- Advance preparation: None
- Field of Study: Finance
- Instructional Method: Group Internet Based

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## Who Should Attend

- Chief Financial Officers
- Financial Analysts
- Marketing Directors
- Retail; Banking Managers

## Faculty

Tom Farin

*President & CEO, Farin & Associates*

Tom Farin is a widely known banking industry lecturer and consultant. He has delivered national educational programs for the American Bankers Association and the Credit Union National Association. He has served on the faculty of five major national banking schools including the Graduate School of Banking at Wisconsin, Graduate School of Banking at Louisiana State University, Graduate School of Banking at Boulder, Colorado, Stonier Graduate School of Banking and the CUNA Management School. Tom has also been a featured speaker at a number of regional programs sponsored by state and regional trade associations. Tom is faculty coordinator of a new Financial Management School offered jointly by the Graduate School of Banking at Wisconsin and the Financial Managers Society. His firm is a leader in delivering A/L distance education through partners like GSB-Wisconsin, FMS, and the FHLBs.

## Fees:

\$500.00 which includes:

- One phone and one internet connection for the live presentation.
- Handouts and other resource material for attendees.
- Unlimited access for your organization to the recording of the seminar presentation for 90 days after the conclusion of the program.

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