

# 7 Ways to Uncover Hidden Opportunities for Profitability

Financial institutions have a lot to offer their consumers and local businesses, so make sure you are doing everything possible to capitalize on that potential.

## 1 ANALYZE YOUR CONSUMER DATA

Your consumer data is a valuable resource that can help you identify areas where you may be able to increase profits. By analyzing your data, you can not only learn a lot about the choices, preferences, and behaviors of your consumers, but also determine which consumers are most profitable versus those that may be more costly or have a negative return on investment. It is critical for any business to understand their consumers, and identify which consumers drive most of the revenue and profitability for their organization.

## 2 IMPROVE CONSUMER LOYALTY & RETENTION

If you can keep your consumers happy and encourage them to continue to do business with your organization, they will be more likely to continue doing so in the future. Engage your customers by ensuring you offer quality products and services, coupled with a strategic approach to how you structure the rewards, features, and benefits, that meet the needs of your consumers, while driving key profitability behaviors that benefit everyone. If they are satisfied with the overall experience, they will be more likely to stay with your financial institution for the long haul.

## 3 IDENTIFY YOUR MOST PROFITABLE PRODUCTS & SERVICES

Are there any products, services, or consumer delivery channels where you could make changes to improve financial performance? Product and service offerings are always changing in the marketplace. Develop a strategy for product profitability, while closely examining those products or services generating the most revenue and those driving the most costs for your organization.

## 4 KEEP TRACK OF YOUR COMPETITION

By comparing your product and services to your market competitors along with the big banks, you can identify opportunities to gain market share. Additionally, with the rise of fintech companies, regional and community financial institutions need to be cognizant of the alternative options available to consumers. You can also target your market strengths so that you can capitalize on your marketing and sales efforts.

## 5 EVALUATE YOUR PRICING

How does your product strategy and pricing compare to your local market competition across your geographic footprint? What about the big banks and the fintech companies? Are you adapting your product pricing strategy not only to be competitive, but to also drive income and profitability? Evaluating your product portfolio, including product design, rates, and fees, on a regular basis is healthy for all financial institutions. Even a modest price change can often have a significant effect, positively or negatively, on your bottom line.

## 6 BE MINDFUL OF REVENUE LEAKAGE

Leakage occurs when revenue that should be collected by your financial institution is lost due to accidental and/or purposeful action. Systematic errors, disclosure discrepancies, employee behavior, and the lack of a clear policy around revenue leakage for employees can lead to many of these gaps or leaks. To prevent this from happening, make sure you have clear strategy and policy in place, along with systems and processes to track your most vulnerable revenue leakage points and take necessary action when a leak becomes too costly.

## 7 IDENTIFY OPPORTUNITIES TO OPTIMIZE COSTS

As financial institutions continue to grow, understanding how to build an efficient and effective infrastructure is crucial to maximizing operational performance. Take a close look at your expenses and see if there are any areas where you could better utilize your costs. Efficiency studies are helpful exercises to identify any wasteful expense and even small cost savings can add up over time to help improve your bottom line. Pay particular attention to your third-party vendor contracts as these can often be mined for cost-saving opportunities.

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