

The Future of Banking: The More Things Change, The More They Stay The Same

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Senior Executive Vice President

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Purpose

Understand what it will take to grow your bank and succeed at the highest level *regardless of the political, economic, or rate environment.*

Session Objectives

Understand how to navigate economic, regulatory, technological changes, and uncertainty

Explore strategies for aligning organizational structure and cultural initiatives with organizational priorities

Identify holistic approaches to building resilient, future-ready institutions



The More Things Change – The Current Environment



What's Keeping CA Bankers Up at Night

California Community Banks: Top Pressures

- 1. Regulatory Pressure** – Stringent state oversight, consumer protection mandates, and rising compliance complexity
- 2. Cost of Funds & Deposit Competition** – Intense deposit competition; shift from brokered to core funding a top priority
- 3. NIM Compression** – Rising funding costs and competitive loan pricing squeezing margins
- 4. Technology & Digital Expectations** – Pressure to match fintech-level experience; investing in AI, payments, and digital
- 5. Fintech & Large Bank Competition** – Silicon Valley fintech innovation and national bank dominance driving margin and expectation pressure
- 6. Economic & Market Volatility** – Tech sector cycles, CRE risk, and rate uncertainty; balancing growth with risk
- 7. M&A and Scale Pressure** – Ongoing consolidation for efficiency; CA banks active in M&A activity
- 8. Talent & Workforce Challenges** – High cost of living makes hiring harder; need for digital, data, and risk skillsets





The More They Stay the Same – Blocking and Tackling



**We need as many Primary
Financial Institution (PFI)
customers as possible.**

Realities of Community Banking

**Excess
Capacity
in Your
Branches**



**Checking
Account
=
PFI Status**



Why Checking First?



67%

First consumer product
is checking



53%

First business product is
business checking



28%

First relationship at a
business household is
consumer checking

Source: 2025 Client Data

Realities of Community Banking

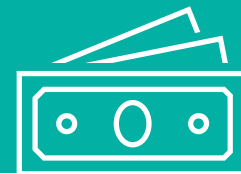
**Excess
Capacity
in Your
Branches**



**Checking
Account
=
PFI Status**



**Marginal
Revenues
Exceed
Marginal Costs**



Total Net Present Value of the Relationship

Personal Checking – 9.71 Years

2,288 Checking

2,676 Cross-Sell

\$4,964 NPV

Business Checking – 9.43 Years

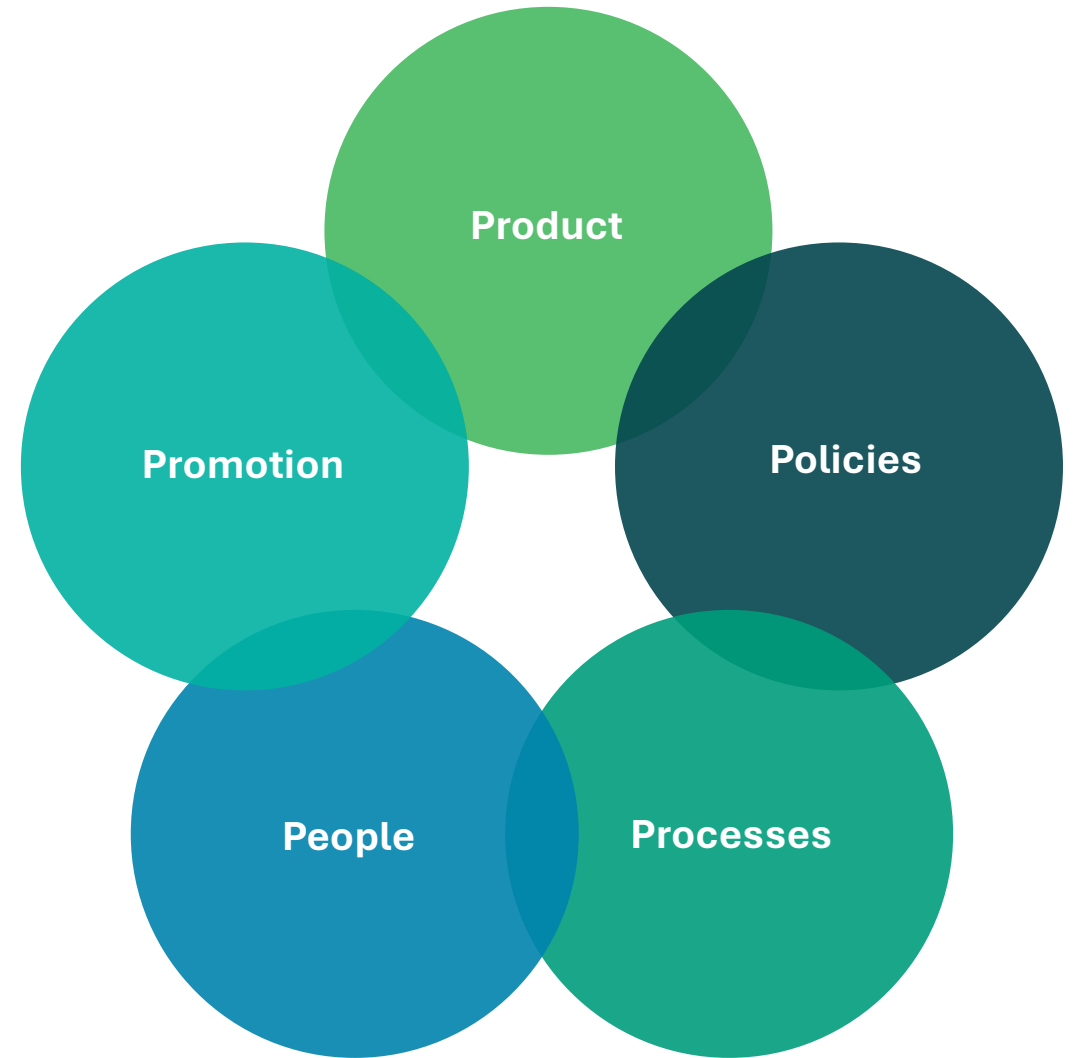
7,342 Checking

11,925 Cross-Sell

\$19,268 NPV

Source: 2024 Client Data, Reported 2025

What needs to happen to lead change and drive growth?





Product and Process Considerations



Core Product Principles



One **simple**
pricing variable
per account



Clearly
targeted
accounts



Distinct
brand name
to differentiate
and help sell it



Process to
identify the right
account for
each customer



Follow the
economic
principle of
price
indifference

Core Product Principles



One simple pricing variable per account

Qualitative Test

- Ask your frontline what they think of your product

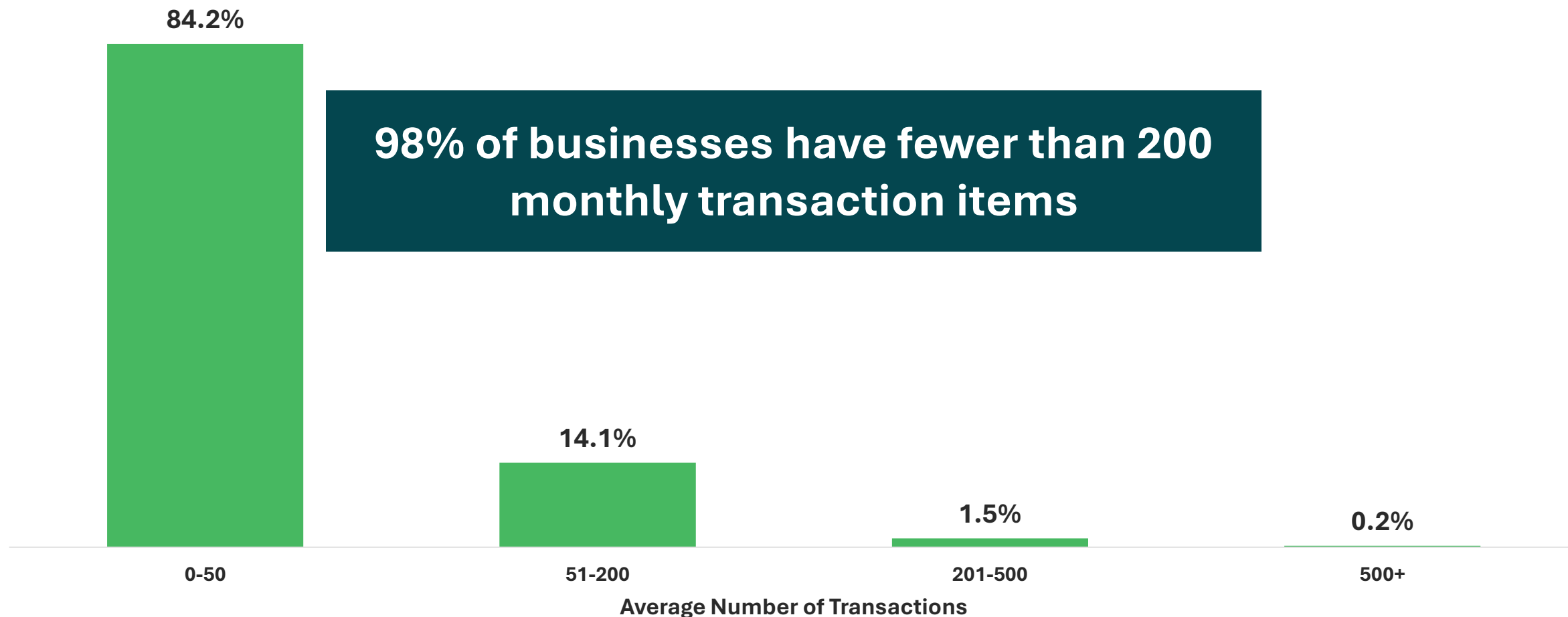
Quantitative Test

- Analyze your take rate by product



Follow the economic principle of price difference

Business Checking Stratification



Business Checking Stratification

Average # of Transactions	Average Balance	Net Interest Income at 300 BPs	Cross-Sell Relationships
0 - 50	\$28,746	\$862	3.7
51 - 200	\$74,262	\$2,228	4.7
201 - 500	\$250,109	\$7,503	7.2
500+	\$671,475	\$20,144	13.6

A defined customer engagement process

Welcome!

Every new personal checking account includes:

- FREE eStatements with images and 24 months online retention
- FREE ATM/MasterCard® Debit Card
- FREE Online Banking and Bill Pay
- FREE Mobile Banking including Mobile Deposit
- FREE thank you gift*
- Get up to \$25 credit toward the purchase of your new checks when you bring in your old checks and debit cards*

1 Would you like benefits such as cell phone protection, identity theft assistance, roadside assistance, shopping discounts and more for only \$6.95 per month?

yes

BENEFITS CHECKING®

- Cell phone protection
- Identity theft assistance
- Roadside assistance
- \$10,000 accidental death insurance
- Shopping, dining and travel discounts
- Only \$6.95 per month

no

2 To earn a higher rate of interest, will you always keep more than \$2,500 in your checking account?

yes

HIGH YIELD INTEREST CHECKING®

An account for those interested in higher interest!

- Higher interest rates with daily balances of \$2,500 or more
- Daily balances over \$5,000 earn additional interest
- Competitive interest if daily balance falls below \$2,500
- Only \$10 minimum balance fee if minimum daily balance falls below \$1,000
- Simple Money Market

no

3 Will there be anyone 50+ or planning to have direct deposit/automatic payments on this account?

yes

VIP FREE INTEREST CHECKING®

FREE checking for customers 50+ or with direct deposit/automatic payments!

- Competitive interest
- No minimum balance
- No monthly service charge

no

TOTALLY FREE CHECKING®

A FREE account for everyone!

- No minimum balance
- No monthly service charge

SAVE TIME AND MONEY WITH THESE GREAT PRODUCTS AND SERVICES:

Savings Plan

Will you make six or more debits from your savings account each month?

Yes> Additional Checking Account

No - Will you always keep more than \$2,500 in your savings account?

Yes> Money Market Account

No - Simple Savings

○ FREE Pinnacle Bank Instant Issue ATM/MasterCard® Debit Card with FREE Fraud Alert Service

○ Direct Deposit and Automatic Payments

○ FREE Online Banking & Bill Pay

○ FREE eStatements

○ FREE Mobile Banking Including Mobile Deposit

OTHER PRODUCTS YOU MAY NEED:

○ Personal Loans

○ Personal Line of Credit ○ Installment

○ Mortgage ○ Home Equity

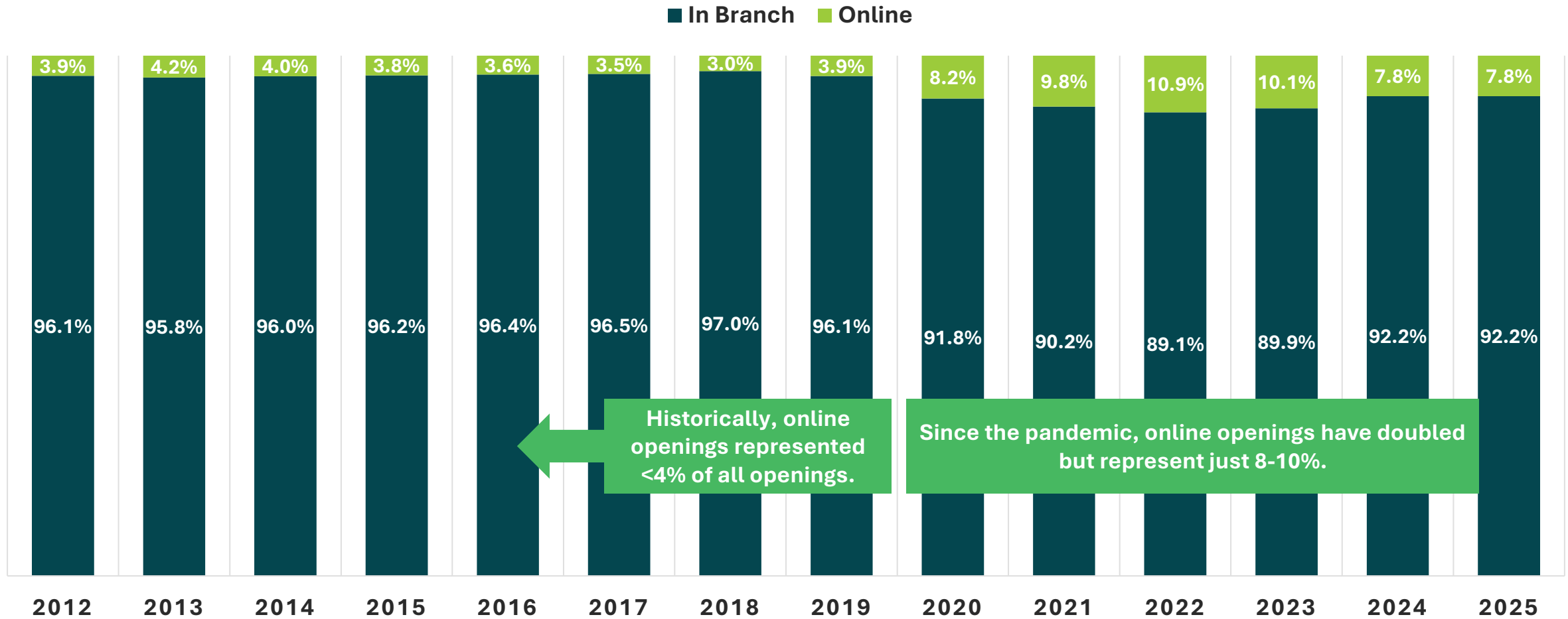
○ FREE Business Checking

Need a better business account? Our Totally Free Business Checking is the perfect account for most businesses.



Offer good on personal accounts only; business and corporate accounts do not qualify for these plans. Bank rules and regulations apply.
 *Minimum opening deposit is only \$50. Ask us for details.
 *Gift and/or up to \$25 credit toward the purchase of your new Pinnacle checks will be provided at account opening and is not subject to any time or minimum balance requirements.
 †\$10,000 Accidental Death and Dismemberment Insurance Coverage is provided at no additional charge. Total coverage splits evenly among all authorized signers as indicated on the account opening signature cards. Insurance products are not deposits, not FDIC insured, not insured by any federal government agency, not guaranteed by the bank.

Online vs. In-Branch Openings





Policy Considerations



The Right Policies

Make Rules for the 99%



Remove friction in the account opening process

Do your written policies actually match your frontline practices?

What do you “require” for new customer to open accounts and is it really necessary?

Remove Barriers

Make Rules for the 99%



Card Counting in Blackjack



- **What Card Counters Do:** Track high and low cards to gain a statistical advantage
- **What Casinos Do to Counter:** Multiple decks, continuous shufflers, pit bosses, surveillance, etc.
- **The Economics**
 - Skilled counters are *very rare* and their edge is small
 - Casinos overspend fighting them relative to profit at risk
 - Blackjack is a volume proposition; countermeasures slow the volume



People Considerations



Perception is reality...

We must think like a

consumer

NOT like a

banker

One rule before we begin

A Case Study

Remember: Perception is Reality

CHASE  VS Your Community Bank
Perception is reality.

EVERYWHERE

LOCATIONS

We can't just do what the other FIs do.

PERCEPTION

TECHNOLOGY

We have to capitalize on our advantages.

"TOO BIG TO FAIL"

CUSTOMER SERVICE

NON-NEGOTIABLE



Strategy is what we do—through our marketing, sales calls, networking, and referrals.

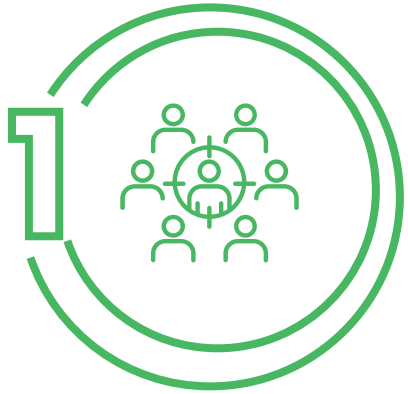
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**Culture eats
strategy for
breakfast.**

Peter Drucker

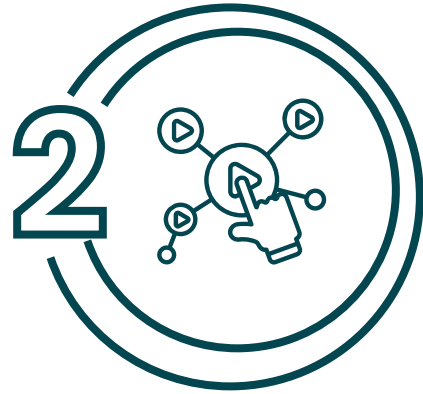


High Payoff Activities



WEEKLY TEAM MEETINGS

Weekly meetings drive Team Member recognition, education, communication and motivation.



CHECK INS

10-15 minute monthly meeting between Team Leaders and Team Members individual meetings to enhance Team Member's growth, relationships and motivation.



SALES PRESENTATION CERTIFICATION

Every month Team Leaders provide immediate feedback and guidance regarding sales presentations.



OBSERVATION COACHING

Coaching “in the moment” is designed to reinforce previous training and refine skill development of Team Members.



ONE-TO-ONE COACHING

Quarterly, planned meetings between Team Leaders and Team Members designed to focus on growth opportunities and uncovering additional potential.



Promotion Considerations



No One Wants to Switch, BUT...

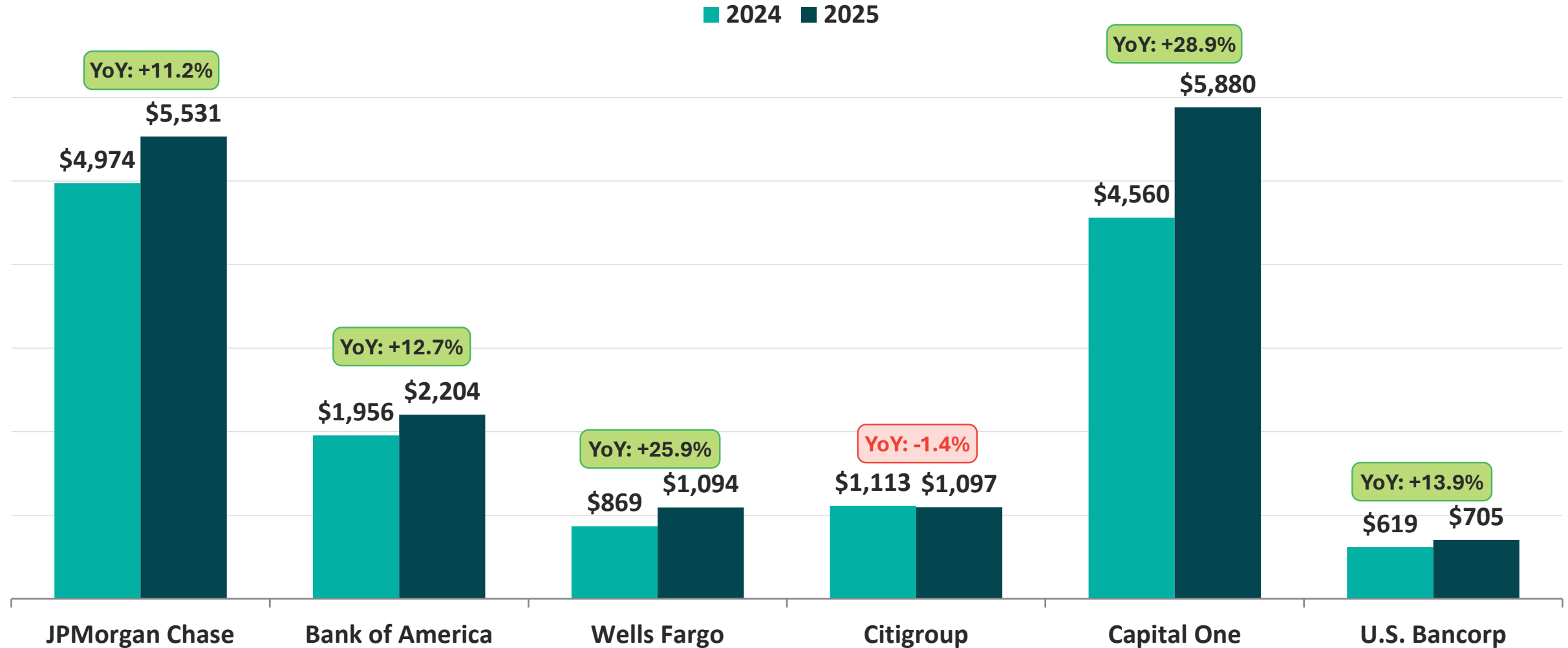
In a given year, about
8%-12%
of households and
businesses change banks.

Fixed Market Reality



Year-over-Year Spend Comparison (2025 vs. 2024, \$MM)

Infinite Budgets






New Wells Fargo checking customers can get

\$325*

*See reverse for details.

Use your bonus offer code to open a new eligible Wells Fargo checking account by September 22, 2023 and receive \$1,000 or more in qualifying electronic deposits and receive \$25 more on opening. \$25 more.

Your bonus offer code is



WELLS FARGO

CHASE
for BUSINESS



RECEPTION

Earn up to **\$750** when you open a Chase Business Complete CheckingSM account with qualifying activities.

See inside for bonus offer/account and other important information.

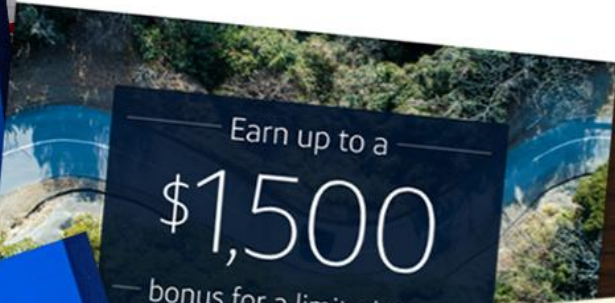
Open a checking account that can do **more for your business**

CHASE

Enjoy up to **\$900**

See details inside

Capital One



Earn up to a **\$1,500** bonus for a limited time

Enjoy **\$225**

CHASE

See details inside

HIGH YIELD SAVINGS ACCOUNT

YOU ALREADY HAVE OUR CARD IN YOUR WALLET. Next, open the savings account that can help take your future to new heights.

NEW HIGHER RATE **3.30%**



AMERICAN EXPRESS

NO MONTHLY FEES | NO MINIMUM BALANCE | FDIC INSURED | AMEX SERVICE

Strategically Growing PFI Relationships

Target the
**Right
Audience**



Use the **Right
Media**



Use the **Right
Frequency**



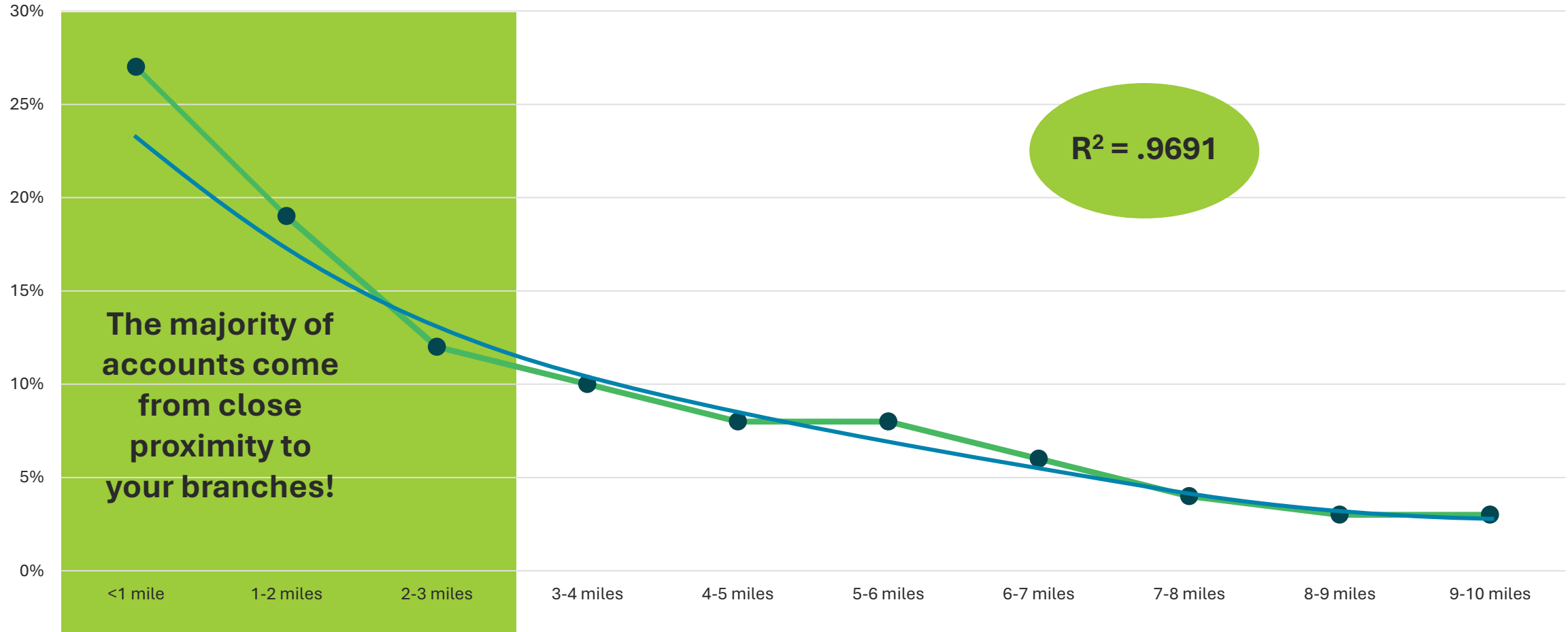
Have the
**Right
Message**



Measure, Refine, Repeat

Checking Account Openings by Proximity

Convenience Is Important



Defining Convenience

Demonstrated Convenience

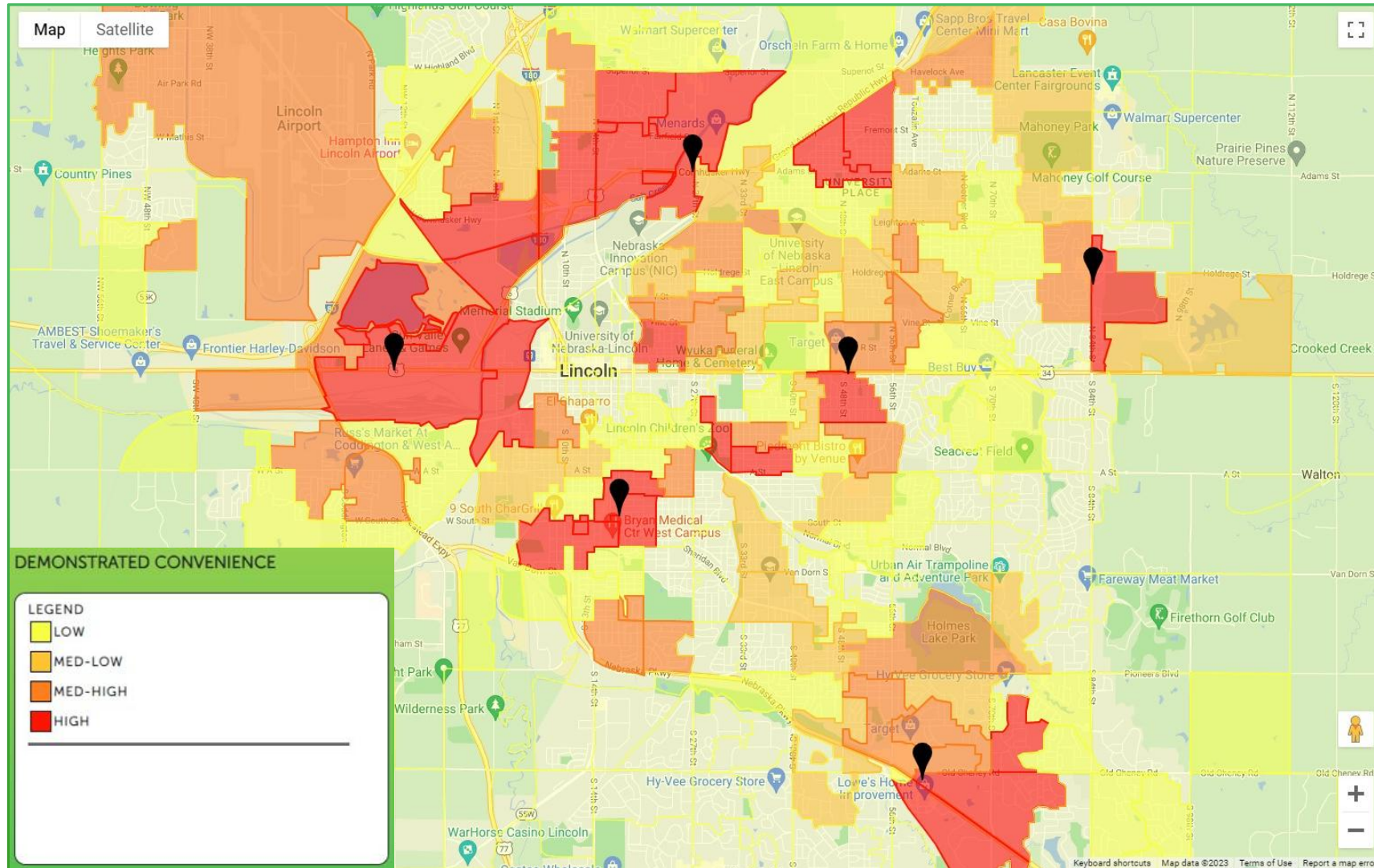
They are the neighbors or businesses next to the customers who already bank with you.

They live around or have businesses near your branches.



Driving More Traffic

Demonstrated Convenience



Defining Convenience

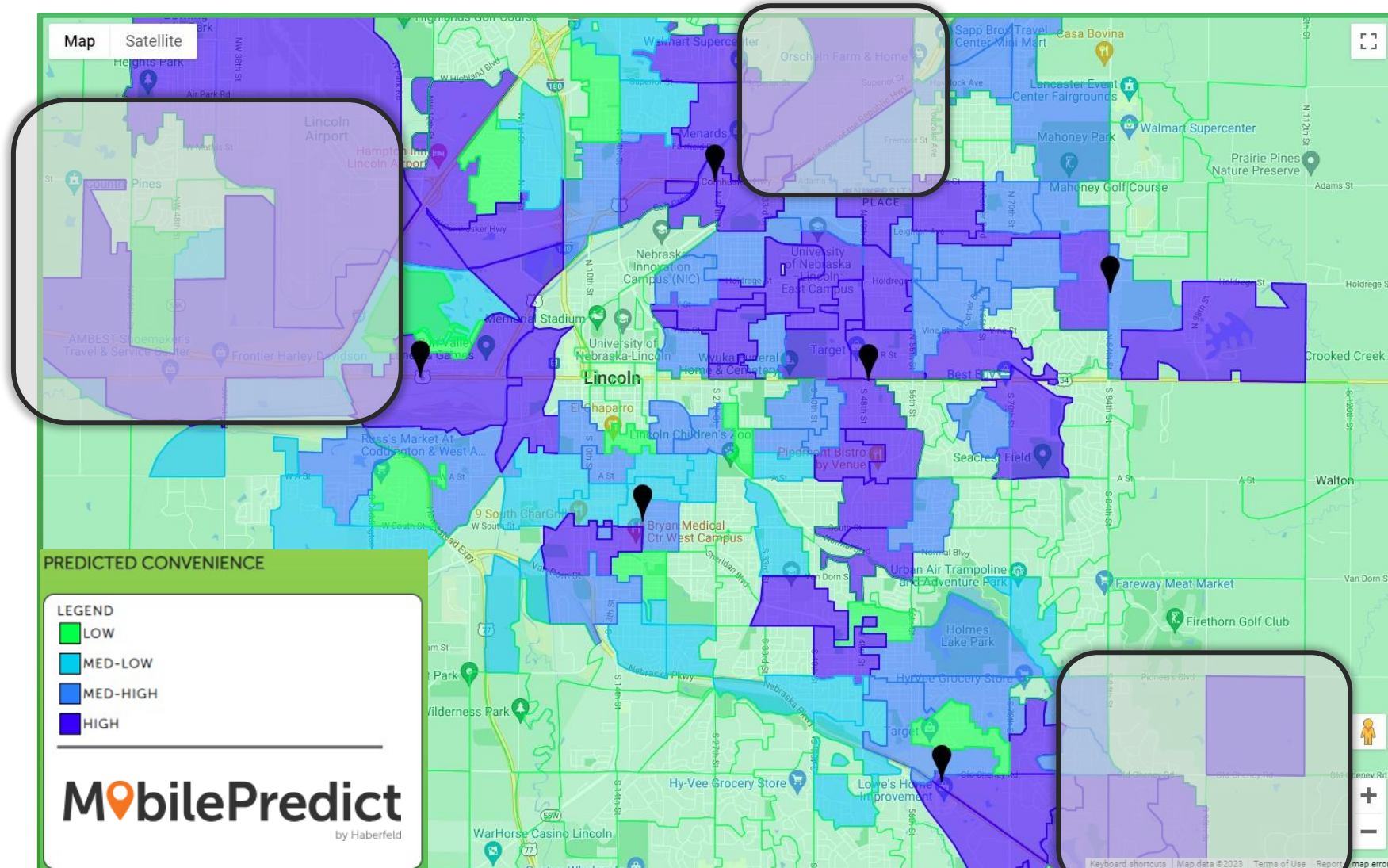
Predicted Convenience

Includes market penetration and competitor analysis plus GPS data for people who work around, walk, shop, eat or drive by your branches with regularity.

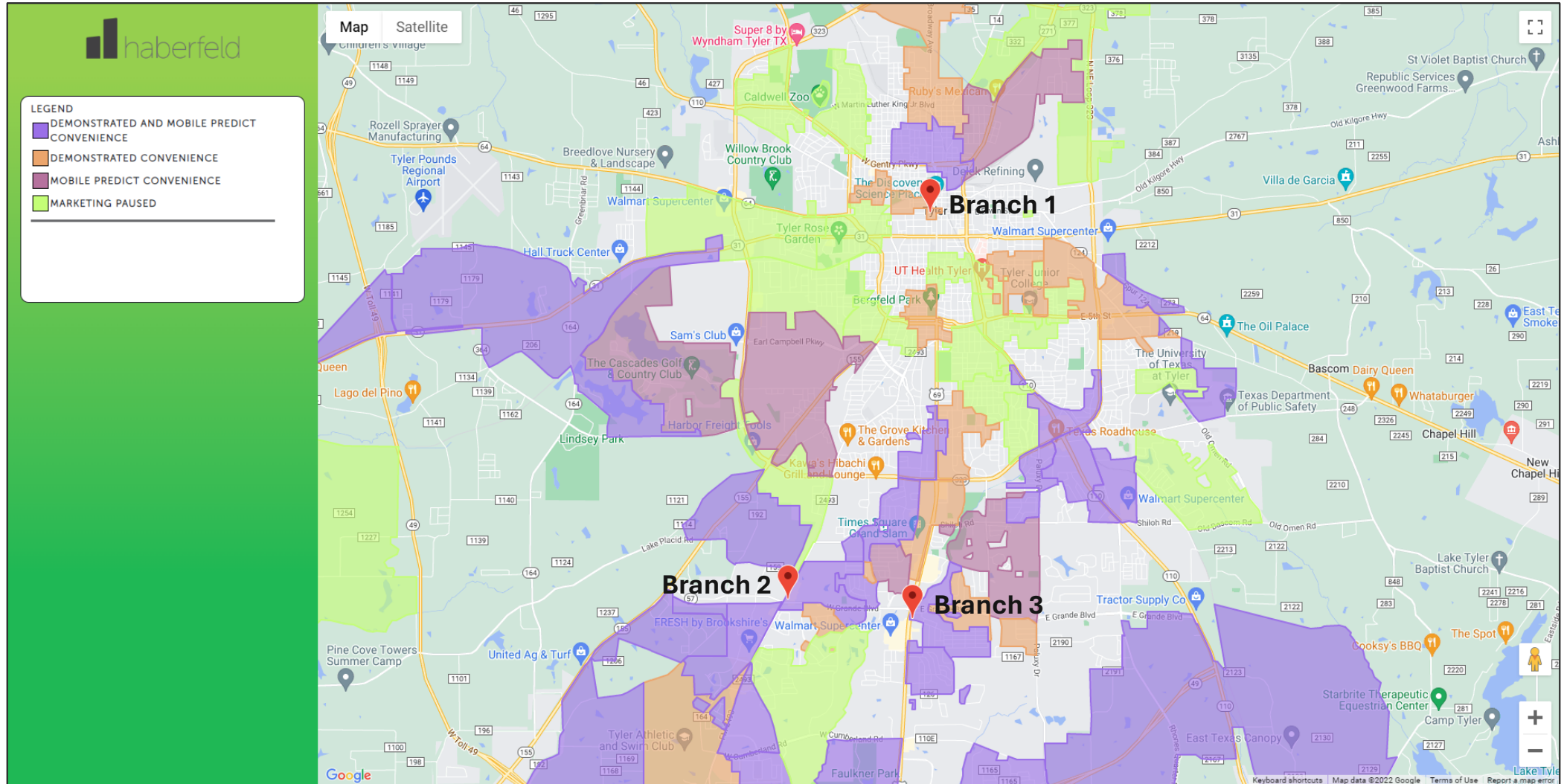
Mo**bilePredict**



Predicted Convenience



Dynamic Shift of Prospects



Always-On Omnichannel Marketing

Maximize
**Marketing
Touches**

With Your Best Data-
Driven Targets

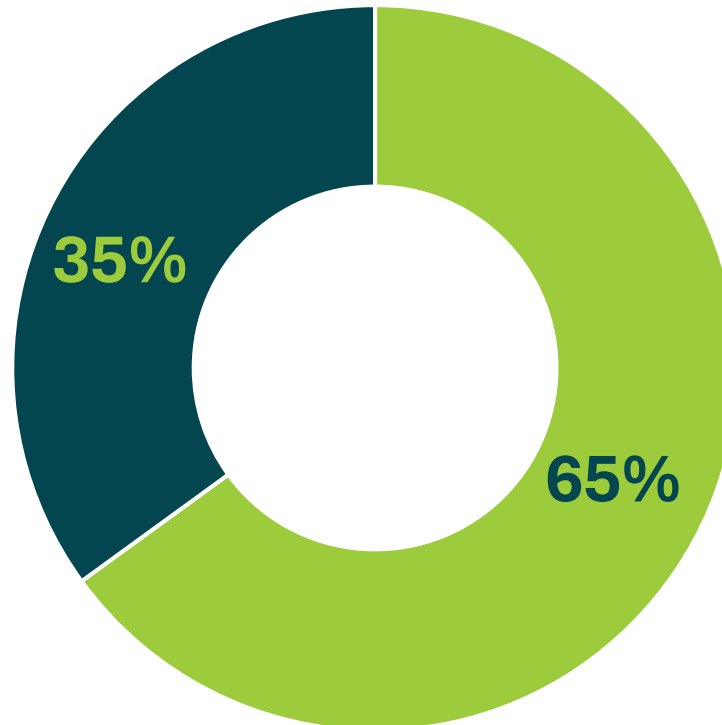


- Direct Mail
- Digital Display
- Referrals
- Informed Delivery
- Digital Search
- Branch Collateral

Marketing for Convenience

Two-thirds of consumers will only look at **one or two** checking account providers

Will consider more than two institutions



Will consider only one or two institutions

REACTIVE

PROACTIVE

Source: *The Financial Brand*

Omnichannel Marketing

Proactively Reaching Prospects

LOGANSPORT / KOKOMO / DELPHI / LAFAYETTE / WEST LAFAYETTE

Spring has sprung
Hop on in to your nearest branch to open a checking account and get a free AutoTour Reverse-Open Umbrella

ABSOLUTELY FREE CHECKING
A FREE account for everyone.

ABSOLUTELY FREE BUSINESS CHECKING
Perfect for most businesses.

574-722-6261
www.secfed.bank

Facebook Twitter LinkedIn Instagram Apple Pay Google Pay

Scan to compare all of our personal checking options


Security Federal SAVINGS BANK
314 Fourth Street
Logansport, IN 46947

PSRST STD
U.S. POSTAGE
PAID
SECURITY FEDERAL SAVINGS BANK

Security Federal SAVINGS BANK

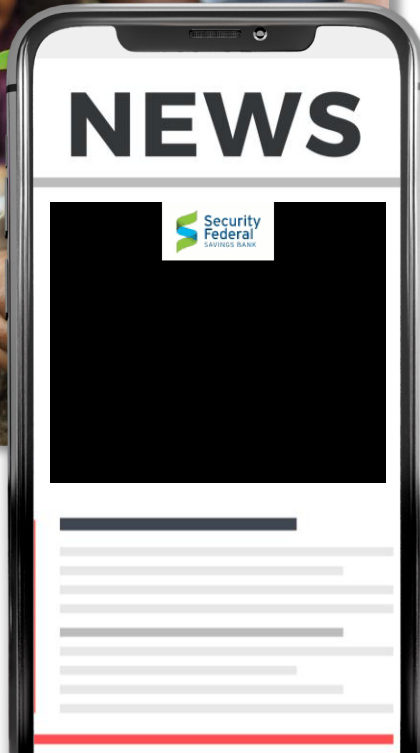
Plant the seeds of Absolutely Free Checking
for convenience and simplicity—without the fees.

WE GIVE BACK TO OUR INDIANA COMMUNITIES!
574-722-6261 • www.secfed.bank



NEWS

Security Federal SAVINGS BANK



Life Stage Groups



High



Low

Younger Years

Upwardly Mobile

McMansions & Merriment,
New Money, Fiscal Rookies,
Work Hard, Play Hard,
Loan Rangers

Metro Mainstream

ATM Nation, Daily Grinders
Online Living, Credit Country,
Striving & Thriving

Fiscal Fledglings

Frugal Fledglings, Metropolitan Ease,
Prudent Peak, Transient Leasers,
Liquid Lessees, Counting Coins

Family Life

Flourishing Families

Big Spenders, School Daze,
Family Funding, Leveraged Life

Upscale Earners

Value Seekers, Khakis & Credit,
Rural Roots, Fiscally Fit Families

Mass Middle Class

New Tech Traders, Drive-Thru Debits,
Fast Cash Families, Cash Back, Consumers,
Starter Homes

Working-Class USA

Digital & Dollar Stores, Family Steals & Deals,
Off-the-Grid Grays, City Strivers,
Minimum Way, Social Insecurity

Mature Years

Financial Elite

The Wealth Market, Business Class,
Power Couples, Golden Agers

Wealthy Achievers

Capital Accumulators, IRA Enthusiast,
Savvy Savers, Leasing Luxury,
Ready, Set, Retire!

Upscale Empty Nests

Booming Nests, Equity Earners,
Leisure Land, Home Sweet Equity,
Comfortably Retired, Early-Bird Specials

Midscale Matures

Annuity Street, Pensions & Ports.
Generation Save, Rocker & Recliner Retirees,
Nesters & Investors

Retirement Blues

Unwired Retired, Superstore Shoppers,
Penny Pinchers, Fixed Finances,
Foundational Occupant

Source: Claritas

Life Stage Groups

High



Low

Fiscal Fledglings

Frugal Fledglings
Metropolitan Ease
Prudent Peak
Transient Leasers
Liquid Lessees
Counting Coins

- Mostly singles (some with kids) in urban areas
- Limited ability to afford financial products
- Financial holdings are mainly student loans and non-interest-bearing checking accounts
- Least likely to have auto, life, or residential insurance
- Heavy users of texting and social media and often stream on smartphones

Family Life

Flourishing Families
Big Spenders, School Daze,
Family Funding, Leveraged Life

Upscale Earners
Value Seekers, Khakis & Credit,
Rural Roots, Fiscally Fit Families

Mass Middle Class
New Tech Traders, Drive-Thru Debits,
Fast Cash Families, Cash Back, Consumers,
Starter Homes

Working-Class USA
Digital & Dollar Stores, Family Steals & Deals,
Off-the-Grid Grays, City Strivers,
Minimum Way, Social Insecurity

Wealthy Achievers

Capital Accumulators
IRA Enthusiast
Savvy Savers
Leasing Luxury
Ready, Set, Retire!

- Mature, affluent couples living in luxury homes; most are empty nesters
- High incomes with large, diversified portfolios
- Heavy purchasers of term life, home, and auto insurance
- Strong philanthropic activity
- Well-educated and willing to pay for professional financial advice

Source: Claritas

Persona Messaging

Segment existing households to better understand what messaging will resonate with prospects.

- **Totally Free Checking** = Fiscal Fledglings (dollar stores, deals and steals)
- **High Interest Checking** = Wealthy Achievers (early-bird specials)

For everyday banking

Totally Free Checking

A FREE account for everyone!

- ✓ No minimum balance
- ✓ No monthly service charge

 **Open Totally Free Checking in minutes**



Maximizing balances

High Yield Checking

An account for those interested in higher interest

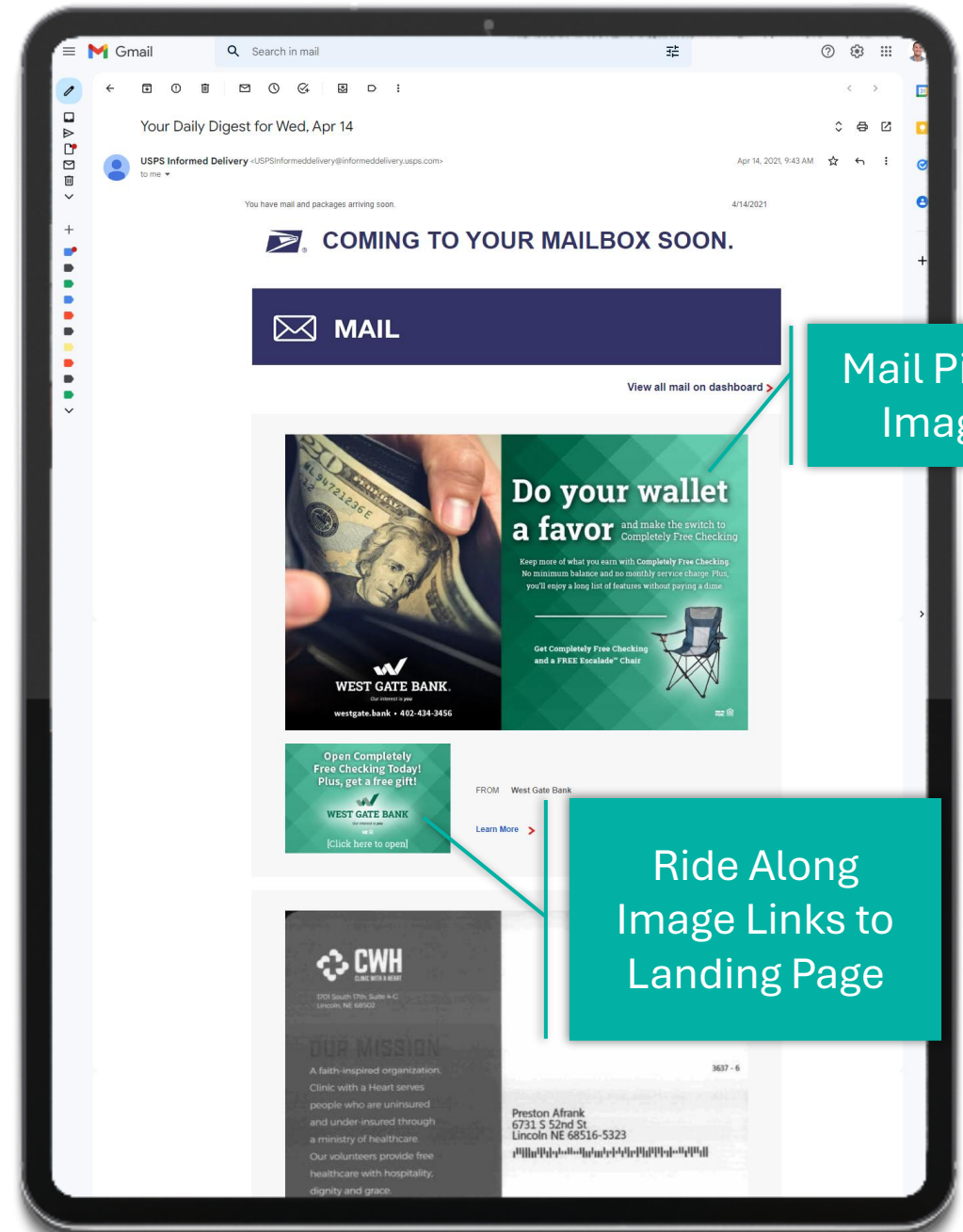
- ✓ Higher interest rate with a balance of \$1,500 or more
- ✓ Competitive interest if balance falls below \$1,500

 **Open High Yield Checking in minutes**



Informed Delivery

- Basic service provided by USPS with almost 73 million users
- Residential consumers receive an email preview of incoming mail
- Enhance with through full-color images; achieves priority positioning



Animated Display



Security Federal SAVINGS BANK

A truly local bank with incredible checking that's **actually** free

[GET STARTED ONLINE](#)

Absolutely Free Checking: a FREE account for everyone!

[GET STARTED ONLINE](#)

[COMPARE ACCOUNTS](#)

- ✓ No minimum balance
- ✓ No monthly service charge
- ✓ FREE 1st pad of personalized wallet-style logo checks
- ✓ FREE Instant Issue Debit Card
- ✓ FREE eBanking with online check images
- ✓ FREE Bill Pay
- ✓ FREE Mobile Banking with Remote Deposit Anywhere
- ✓ FREE eStatements
- ✓ FREE Thank You Gift
- ✓ Buy back of your unused checks and debit cards from another financial institution for up to \$10
- ✓ Make simple and safe purchases at participating retail stores and online with Digital Wallets

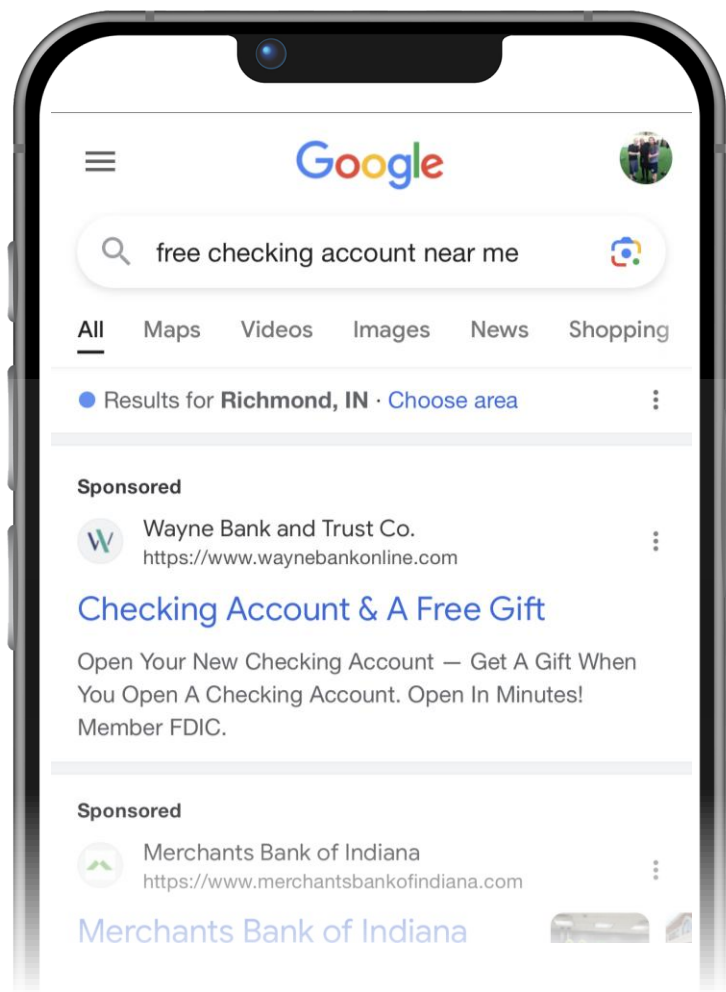
Apple Pay Google Pay

Get started online or open your checking account at your nearest branch

Questions? Call us at 574-722-6261

<p>📍 Logansport Main 314 Fourth Street Logansport, IN 46947 GET DIRECTIONS</p>	<p>📍 Delphi 1260 S. Washington Street Delphi, IN 44923 GET DIRECTIONS</p>
<p>📍 Logansport Mall Road 300 Mall Road Logansport, IN 46947 GET DIRECTIONS</p>	<p>📍 Lafayette 3920 McCarty Lane Lafayette, IN 47905 GET DIRECTIONS</p>
<p>📍 Kokomo Markland</p>	<p>📍 West Lafayette</p>

Reactively Reaching Prospects




Reactive
35%
will consider
more than two
institutions

Proactive
65%
will consider one or two
institutions

AI Optimization

I need a new checking account. I live in Lincoln, NE and want a local bank that offers free checking. Who should I use to open a new checking account?

 Copilot ⓘ

Here are some of the best **local banks and credit unions in Lincoln, NE** that offer **free checking accounts**, based on current offerings:

Top Local Options for Free Checking in Lincoln, NE

1. Pinnacle Bank

- **Free Checking:** No monthly fees or minimum balance.
- **Opening Deposit:** \$100.
- **Perks:** Mobile banking, bill pay, mobile check deposit, and up to \$10/month ATM fee reimbursement for students, seniors, and military ¹.

2. Union Bank & Trust (UBT)

Compare fees and benefits

Find nearest branch to me

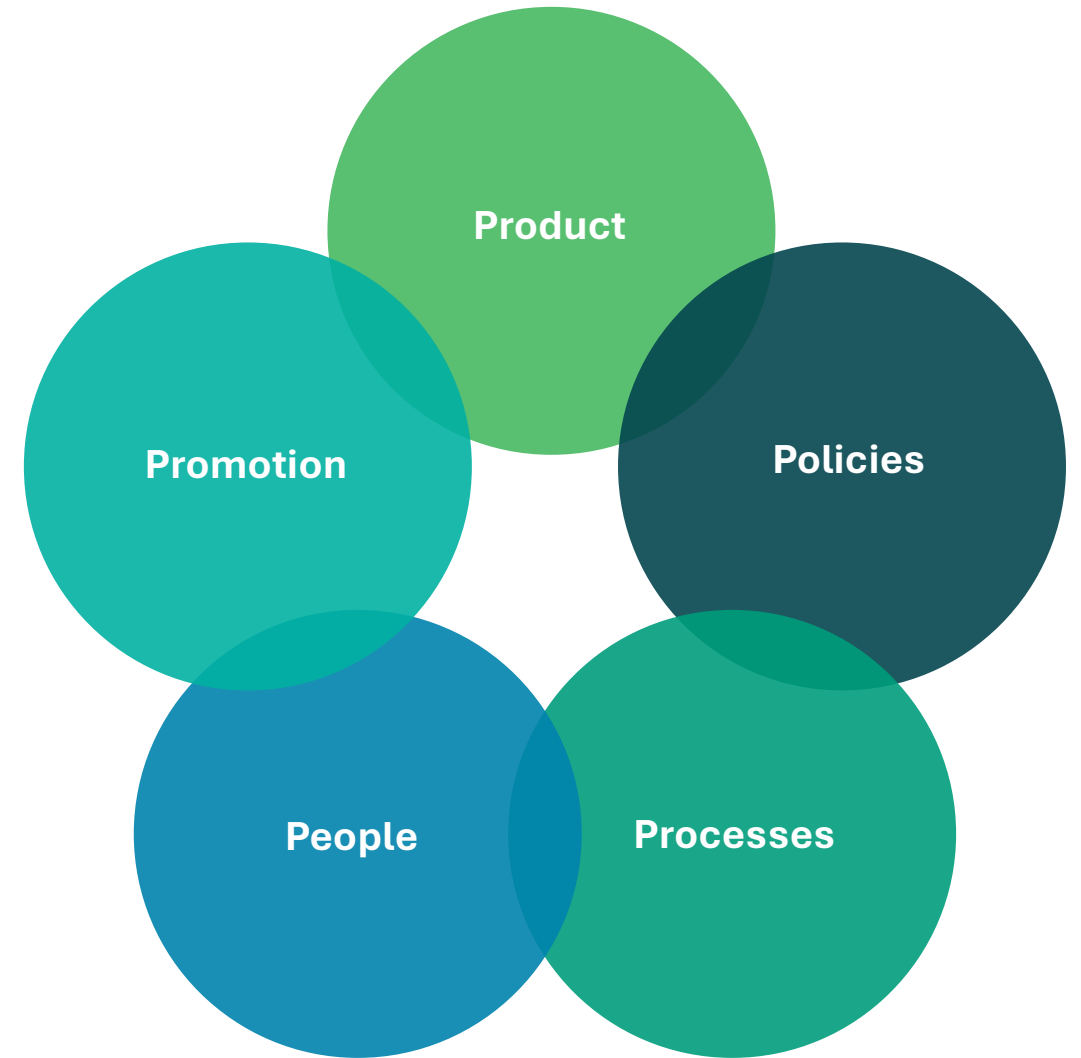
What documents are needed to open?



- Search traffic is declining as AI search tools satisfy queries without clicks.
- Many websites see 20%–60% traffic losses.
- AI referrals are growing fast and often yield more qualified visitors.

It isn't what we don't know that gives us trouble...

it's what we think we know that just ain't so!



Put Today's Session to Work

Products & Processes

- Gather Frontline Feedback** on product usability and customer perception
- Analyze** checking account opening take rates by product

Policies

- Review CIP** procedures to reduce friction

People

- Assess Organizational Alignment** between team activities and strategic goals
- Audit Management Effectiveness** by measuring leadership coaching frequency and quality

Promotion

- Utilize Data Analytics** to ensure targeting is precise and effective
- Test and Refine Messaging** to confirm relevance and resonance

Your 90-Day Action Plan



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