



## Deposit Pricing Best Practices

**A disciplined deposit strategy is designed to eliminate subjectivity in retail price-setting, as many times such decisions are made emotionally, based on competitor offerings, incomplete information, and without full consideration of the cost impact.**

1. Pricing strategies and related pricing rules need to be formally set by the ALCO and consistently executed by the Pricing Committee for a 90-day period.
2. Strategy execution results should be captured in a model.
3. Once per quarter the results of strategy execution need a formal review by your ALCO.
4. Based on results and needs of the institution, the going-forward strategy is either retained or a new strategy is formally established.
5. If the strategy is changed, create new pricing strategy and update pricing rules in a model.
6. As strategies will change periodically, always ensure that new strategies are understood by affected staff – particularly front lined staff.

If you have questions, contact:

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