



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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