

## Special Analysis

### Shift in deposit-acquisition tactics

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#### Implications

- Regular CD products are not used as much to attract new balances, and their interest rates are changed less often now compare to earlier in 2009.
- Special CD products (Relationship, Indexed etc.) are used as the main tactic to attract new balances by periodically introducing special offers.
- To compete effectively, institutions must closely monitor competing Special offers, and reprice their Special products accordingly.

#### Purpose

The purpose of this analysis is to examine trends in deposit-acquisition tactics used by institutions to attract new deposits.

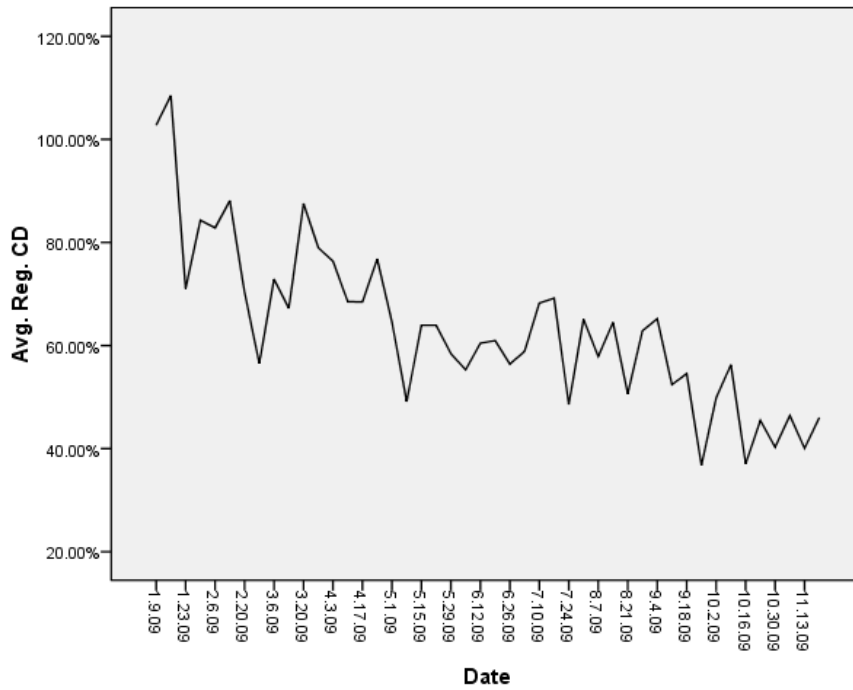
#### Analysis

- We examined the repricing volume for **Regular CDs** for the period of 1/9/2009 to 11/20/2009. Repricing measures the average number of products that were repriced nationally during one week. A 50% repricing index means that half the products, nationally, were repriced during the week.
- We examined the repricing volume for **Special CDs** for the period of 1/9/2009 to 11/20/2009.
- This analysis is based on a sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

#### Findings

- We found that the average number of Regular CDs that were repriced weekly declined from a high of 109 per cent (all Regular CDs were repriced, and some were repriced twice during the week) on January 16, 2009 to a low of 37 per cent during the week of October 16, 2009 (Figure 1).
- We found that the average number of Special CDs that were repriced weekly was kept high at an average of 69 per cent throughout the year with occasional spikes of up to 111 per cent (all Special CDs were repriced weekly, and some were repriced twice during the week) on September 4, 2009 (Figure 2).

**Figure 1**  
Repricing volume of Regular CDs from 1/9/2009 to 11/20/2009



**Figure 2**  
Repricing volume of Special CDs from 1/9/2009 to 11/20/2009

