

Minimum Balance

In the simulation, you will set a Minimum Balance for your checking accounts. Accounts falling below this balance will pay the Monthly Account Fee, which generates fee income for your bank. You also do not pay interest on accounts that fall below the Minimum Balance.

As you raise your Minimum Balance, more accounts will fall below this minimum. This will create more fee income and lower your

Minimum Balance	Fee Income	Retention Interest Expense	Retention Rate	Response Rate
↗	↗	↗	↘	↘
As you increase your Minimum Balance...	...your fee income will increase...	...as will your interest expense....	...but your retention rate will fall....	...as will your response rate from new customers

interest expense. At the same time, as you raise this minimum balance, you become less attractive to customers and prospects, leading to:

- Lower retention rates on existing customers
- Lower response rates from prospects

The opposite is also true. As you lower your Minimum Balance, more accounts will meet the minimum balance. This will lower your fee income and increase your interest expense. At the same time, as you lower this minimum balance, you become more attractive to customers and prospects, leading to:

- Higher retention rates on existing customers
- Higher response rates from prospects