Pricing

Although your prospects will *consider* your bank when a funding need arises, that doesn't mean they will *choose* your bank. To sell specific products and services to your prospects, you must also compete on pricing.

For your ***Investment Banking*** services, pricing is related to the fees you charge:

- For Underwriting Debt and Equity, the fee is an Underwriting Fee
  - This Underwriting Fee is a percentage of the amount of debt or equity issued by the customer
- For Mergers & Acquisitions, the fee is an Advisory Fee
  - This Advisory Fee is a percentage of the amount of the merger or acquisition

As you raise your fees, you will increase the amount of fee income you earn from each deal. However, as you raise fees, you become less attractive to prospects, leading to fewer deals.

Of course, the opposite is also true. As you lower Fees, you will decrease the fee income you earn from each deal. However, you do become more attractive to prospects, leading to more deals.

Fees	Revenue	Response Rate
↗	↗	↘
As you raise your Fees…	...your revenue per deal will grow…	…but your response rate will fall, leading to fewer deals….

For ***Underwriting Debt and Equity***:

- If your Underwriting Fee is within +/- 10% of the market average, there is no impact on the number of deals completed
- If your Underwriting Fee is outside this +/- 10% range, the number of deals is adjusted by 50% of the difference between your fee and the market average

See Sample Calculation C-3 for an example.

For ***Mergers & Acquisitions***:

- If your Advisory Fee is within +/- 15% of the market average, there is no impact on the number of deals completed
- If your Advisory Fee is outside this +/- 15% range, the number of deals is adjusted by 30% of the difference between your fee and the market average