





Monthly Maintenance Fee

As you raise your **Monthly Maintenance Fee** for Commercial Checking Accounts, you will earn more fee income from each account below the minimum balance. At the same time, as you raise this fee, you become less attractive to customers and prospects, leading to:

Monthly Account Fee	Fee Income	Retention Rate	Response Rate
			
As you increase your Monthly Account Fee	...your fee income will increase...	...but your retention rate will fall....	...as will your response rate from new customers

- Lower retention rates on existing customers
- Fewer new customers

The opposite is true here as well. As you lower your Monthly Account Fee, you will earn less fee income from each account below the minimum balance. However, you will become more attractive to customers and prospects, leading to:

- Higher retention rates on existing customers
- More new customers

In the simulation, “high” and “low” fees are relative to your competition. In other words, if you charge your customers \$20 a month for their checking accounts, and your competition charges \$30 a month, your pricing is low and you will get more new customers and higher retention rates than expected. However, if you charge your customers \$20 a month for their checking accounts, and your competition offers free monthly checking, your pricing is high and you will get fewer new customers and lower retention rates than expected.

More specifically, in attracting new checking accounts:

- If your Monthly Fee is within +/- 10% of the market average, there is no impact on your response rates
- If your Monthly Fee is outside this +/- 10% range, your response rates will be adjusted by 50% of the difference between your fee and the market average

See Sample Calculation R-3 for an example.

The impact on retention rates is similar, but your existing customers are less sensitive than new customers:

- If your Monthly Fee is within +/- 30% of the market average, there is no impact on your retention rates
- If your Monthly Fee is outside this +/- 30% range, your retention rates will be adjusted by 20% of the difference between your fees and the market average



See Sample Calculation R-4 for an example.