





Treasury Service Fees

For Treasury Services, pricing is related to the fee you charge for each transaction. As you raise your fees, you will increase the amount of fee income you earn

from each transaction. At the same time, as you raise fees, you become less attractive to prospects, leading to fewer new customers.

Transaction Fees	Revenue	Retention Rate	Response Rate
			
As you raise your Fees...	...your revenue per transaction will grow...	...but your retention rate will fall....	...and your response rate will fall, leading to fewer new customers

As you lower fees, you will decrease the fee income you earn from each transaction. However, you do become more attractive to prospects, leading to more new customers.

In this simulation, “high” and “low” rates are relative to your competition. In other words, if you charge your customers a fee of \$1.00, and your competition charges \$1.25, your pricing is low and you will get more new customers and higher retention rates than expected. However, if you charge your customers \$1.00 and your competition charges \$0.75, your pricing is high and you will get fewer new customers and lower retention rates than expected.

The impact of pricing on new customers varies by product:

- If your ACH pricing is within +/- 15% of the market average, there is no impact on new Treasury Services customers
 - If your ACH pricing is outside this +/- 15% range, new Treasury Services customers will be impacted by 15% of your deviation from the market average

See Sample Calculation C-6 for an example.

The impact of your pricing for other Treasury Services products is similar:

- If your Wire Transfers pricing is within +/- 20% of the market average, there is no impact on new Treasury Services customers
 - If your Wire Transfers pricing is outside this +/- 20% range, new Treasury Services customers will be impacted by 10% of your deviation from the market average
- If your Merchant Processing pricing is within +/- 15% of the market average, there is no impact on new Treasury Services customers
 - If your Merchant Processing pricing is outside this +/- 15% range, new Treasury Services customers will be impacted by 15% of your deviation from the market average

Once the impact of pricing has been determined, the number of new Treasury Services customers is added to the number of existing Treasury Services customers retained to determine the total number of Treasury Services customers.

Each of these customers will then generate the transaction volumes shown to the right.

Transaction Volumes	Small Business	Middle Market	Large Corporate
ACH Transactions	195	3,000	40,000
Wire Transfers	6	35	1,250
Merchant Processing Transactions	250	5,400	75,000