

USE CASE

Bank Increases Relationship Balances and Improves Customer Rate with R&T

A regional U.S. bank was facing a familiar challenge. A high-net-worth customer held a \$245,000 balance in a traditional Money Market Deposit Account (MMDA) but had dispersed the remainder of their liquid assets across multiple other financial institutions. Despite having an established long-term relationship with the customer, the bank lacked a compelling proposition to become the customer's primary banking partner.

Challenge

To deepen the relationship and attract additional balances, the bank needed to offer two critical benefits: access to expanded FDIC insurance coverage and a more competitive yield, without significantly increasing its interest expense. The bank's strategic challenge was how to grow relationship deposits and enhance customer loyalty in a rate-sensitive market, while preserving margins and maintaining balance sheet flexibility.

Solution

The bank's Chief Investment Officer identified the Demand Deposit Marketplace Program[®] (DDM[®]), administered by R&T Deposit Solutions, as a strategic fit. By leveraging DDM, the bank supplemented its customer's existing MMDA with insured, interest-bearing demand placements across a network of FDIC-insured institutions. This strategy provided the customer with a significantly improved yield¹ without disrupting their daily liquidity², the access to the expanded FDIC insurance they relied on, and now a single point of contact for all of their banking needs.

R&T Customer:

U.S.-based bank

End Customer:

High-Net-Worth Individual

Challenges:

- ▶ Only \$245K Held at Bank
- ▶ Poor Rate of Return from Traditional MMDA Account
- ▶ Lack of Ability to Insure Deposits Beyond \$250K

Solution:

The Demand Deposit Marketplace Program[®] (DDM[®])

Benefits:

- ▶ Improved Customer Rate from 2.00% to 3.35%
- ▶ Relationship Balance Increased from \$245K to \$1M
- ▶ Gained a Convenient Daily Balance Sheet Management Tool

"R&T has helped us streamline our cash management while boosting yield and maintaining peace of mind."

– Bank Chief Investment Officer

The cash sweep program also enabled the bank to distribute additional liquid assets across a network of hundreds of participating receiving institutions, thereby offering the customer access to expanded FDIC insurance coverage beyond the traditional \$250,000 maximum.

Results

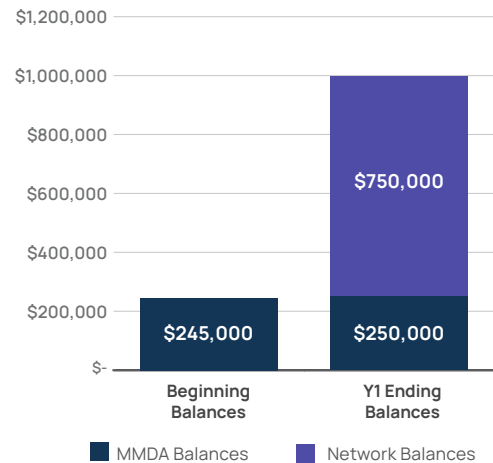
Through the strategic implementation of the DDM program, the bank was able to:

- 1 **Boost their customer's yield on deposits**
- 2 **Consolidate deposit relationships when the customer deposited an additional \$750k with the bank**
- 3 **Offer access to expanded insurance to all of their customers through the R&T network of participating banks**
- 4 **Simplify the customer's banking experience with streamlined reporting and a single banking interface**
- 5 **Optimize and gain flexibility in their balance sheet management**
- 6 **Maintain its target cost of funds**
- 7 **Increase net revenue and earn an additional 30 basis points in fee income despite the client receiving a higher yield**

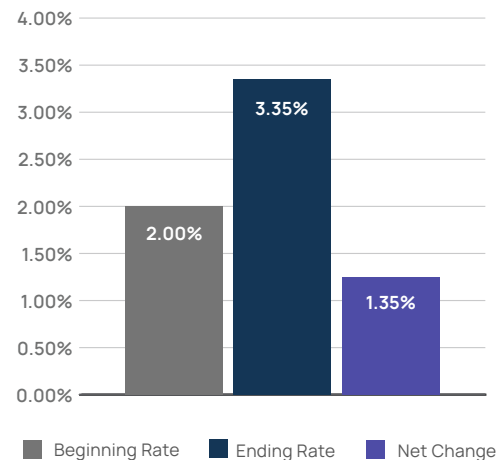
Through the DDM program, the bank was able to improve the customer's rate by 1.35%, from the original 2% MMDA rate to a rate of 3.35%. In addition to retaining and better serving a longtime customer, the bank also attracted more deposits.

The higher rate of return, combined with the ability to access expanded FDIC insurance, incentivized the customer to deposit an additional \$750,000 in liquid assets, which the bank then diversified through a network of national banks. The customer can now access expanded deposit insurance for more of their liquid assets, enjoy a stronger rate of return, and receive automated reporting – all while maintaining a single banking relationship.

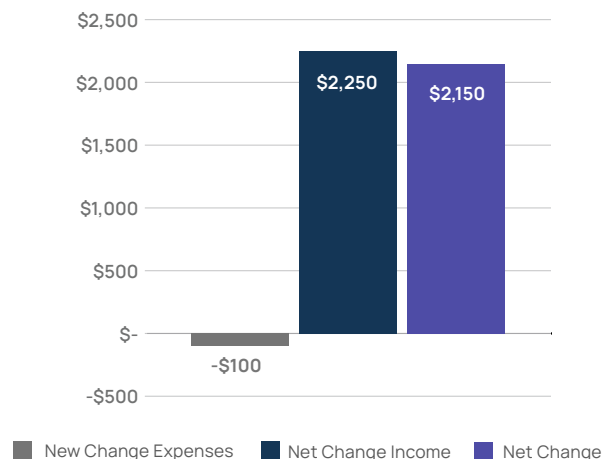
Balance Changes



Customer Rate



Net Change in Interest & Fees



The bank can utilize DDM's reciprocal feature to manage its balance sheet by adjusting the amount it invests in the program and the amount it receives back from other participating institutions at any time.

Participating in DDM didn't increase the bank's average cost of funds, as the blended yield manages the interest expense. Better still, the bank is realizing a .30% net gain from fee income on R&T-administered placements.

"R&T has helped us streamline our cash management while boosting yield and maintaining peace of mind," says the bank's CIO. "Their automated reporting and expanded deposit insurance coverage solutions are exactly what we needed to serve our customers better."

1 While interest rates obtained on funds placed at receiving institutions under the DDM, CDMX, and RTID programs may, under certain circumstances, outperform cash alternatives, such as money market funds, the primary objective of the DDM, CDMX, and RTID programs is to provide customers with convenient access to expanded deposit insurance coverage on their funds (and not for investment enhancements or higher rates of returns or profits).

2 Under the DDM, CDMX, and RTID programs, funds are deposited into demand deposit accounts (DDAs) or money market deposit accounts (MMDAs) at receiving banks or share draft accounts or share accounts at receiving credit unions. While your customers' funds are held in MMDAs or share accounts, the return of your customers' funds from the DDM, CDMX, and RTID programs may be delayed as, under federal regulations, the receiving institution is permitted to impose a delay of up to seven days on any withdrawal request from an MMDA or share account.



Contact us to learn more:

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Terms & conditions apply. Click [here](#) for R&T's list of insured receiving institutions in the DDM, CDMX and RTID programs. R&T is **not** an FDIC or NCUA-insured institution. FDIC and NCUA insurance only covers the failure of an FDIC or NCUA-insured institution, respectively. Certain conditions must be satisfied for pass-through deposit insurance coverage to apply. The DDM, CDMX and RTID programs, themselves, as well as R&T's other services are **not** insured by the FDIC or NCUA, are not deposits and may lose value. Click [here](#) for additional legal disclosures.

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