

USE CASE

BaaS Bank Supports Rapid Deposit Growth with R&T's Network Solution

Challenge

Banking-as-a-Service (BaaS) providers often experience fast growth alongside their FinTech customers, pushing loan-to-deposit ratios below target, and presenting operational and funding risks.

A BaaS partner bank found that rapid deposit inflows were distorting capital ratios, elevating concentration risk in specific programs, and introducing complexity in reconciliation and oversight. Additionally, restructuring their debit card program created another challenge as the program size was outpacing capacity.

Solution

The BaaS partner bank turned to the Demand Deposit Marketplace[®] program (DDM[®]), administered by R&T, which allowed the bank to both reciprocate and manage target balances, sending excess program deposits into the network to maintain desired balance sheet health.

The bank took advantage of diversified funding access through reciprocal deposits, and flexible pricing structures to stabilize deposit volatility and reduce reliance on any single program. Where the BaaS partner bank's debit card program exceeded deposit insurance caps or operational capacity, it could now implement a sub-custodian model that increased deposit insurance coverage limits, preserved the bank's custodial role, and allowed existing debit card programs to remain "as-is" while reducing integration and reconciliation complexity through the DDM program's direct source model.

R&T Customer:

U.S.-Based BaaS Bank

End Customer:

Traditional Banking Customers and High-Net-Worth Individuals

Challenges:

- ▶ Fast growth outpaced balance sheet capacity
- ▶ Deposit inflows were distorting capital ratios
- ▶ Complex reconciliation process
- ▶ Debit card program growth added capacity risk

Solution:

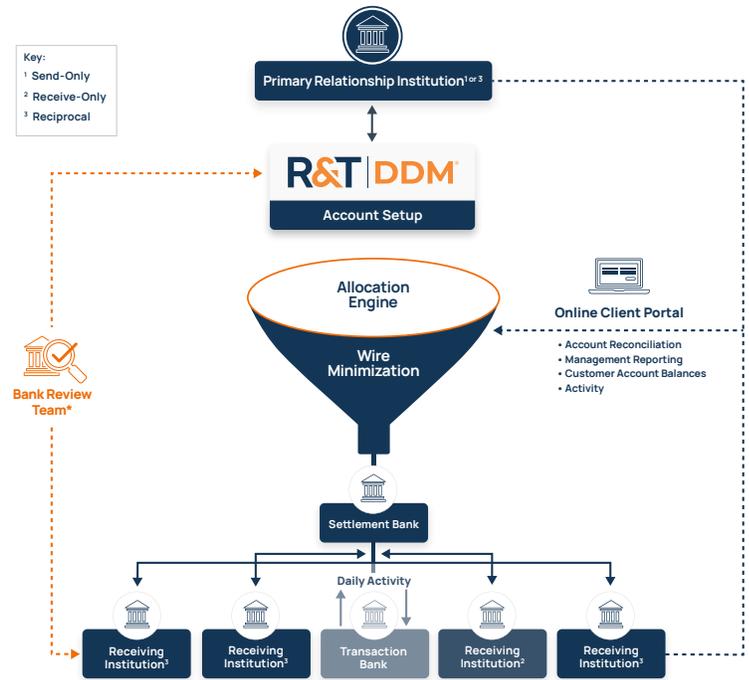
The Demand Deposit Marketplace[®] (DDM[®]) Program

Benefits:

- ▶ Maintain balance sheet with reciprocal deposits
- ▶ Leverage diversified funding sources
- ▶ Limit deposit volatility
- ▶ Simplify integration and reconciliation
- ▶ Gain confidence in ability to scale quickly and sustainably

Results

- ▶ Maintained stable loan-to-deposit ratios and sustainable deposit growth
- ▶ Reduced funding concentration risk and improved contingency funding planning
- ▶ Managed cost of funds while preserving fee income
- ▶ Simplified operational oversight and reduced integration complexity
- ▶ Enhanced custodial frameworks and access to deposit insurance coverage for large programs
- ▶ Delivered ongoing value to FinTech partners while staying within regulatory and balance sheet limits



“With the DDM program, we have a network to support fast growth and increasing capacity demands.”

– Bank Chief Investment Officer

*R&T has an internal Bank Review Team for verifying initial and ongoing capitalization of the Receiving Institutions. R&T does not provide bank monitoring services or advice to Participating Institutions.

NOTES:

The DDM program allocates customers’ funds to as many Receiving Institutions as necessary to provide access to deposit insurance coverage from the FDIC or NCUA up to the program limit.

*“Receiving Institutions” are the insured depository institutions that can receive your customers’ funds under the DDM program. R&T offers the ability to place your customers’ funds at (i) receiving banks only or (ii) receiving banks and/or eligible credit unions. Currently, under the DDM program, only credit unions that are designated as “low income credit unions” (“LICUs”) can receive funds from sending institutions.

This solution enabled the BaaS partner bank to continue serving its growing customer base while unlocking greater capacity. With R&T’s network to support increasing deposits and a reciprocal program for balance sheet management, the bank can confidently support rapid business development.

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 program. 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 program itself, 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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