R&T DEPOSIT SOLUTIONS

# Reciprocal Deposit Planning for Bank Mergers

## A buyer's guide to provider decisions and transition readiness.

A merger changes how your bank serves depositors with large balances. Decisions about reciprocal deposit providers, customer documentation and core systems can affect retention long after the transaction closes. Bringing those decisions into integration planning early gives your team more time to resolve issues before customers experience them.

R&T Deposit Solutions helps banks evaluate how the Demand Deposit Marketplace® (DDM®) program[1] can support merger planning and the bank's post-merger deposit strategy, whether they are consolidating programs or adding R&T alongside an existing provider.

### Start by protecting valuable banking relationships

Protecting the customer experience is a priority in any bank merger. Large depositors often represent some of the bank's most valuable relationships, extending beyond deposits to cash management services, lines of credit and other banking needs. Choosing a reciprocal deposit provider that simplifies the transition and minimizes customer effort can help the combined bank preserve those relationships.

A merger can create uncertainty that prompts customers to consider other banking relationships or move deposits. Coordinated outreach helps maintain confidence. A reciprocal deposit provider that offers private labeling allows the bank to present the program under its own brand, bringing customers from both institutions into a consistent offering. Combined with careful transition planning and clear communications, this approach can reduce customer effort, reinforce trust and keep the bank at the center of the relationship.

Reciprocal deposits allow your bank to place customer funds at participating institutions and receive deposits in return. This gives customers access to expanded FDIC deposit insurance coverage for large deposits while helping your bank retain the customer relationship and the deposit funding associated with that relationship. During a merger, the right program structure depends on the combined customer base and the operating model you plan to build.

- **Map the combined portfolio**. Review balances by account type - money market, demand deposit or term - along with the lines of business those customers represent and any special requirements for serving them after the merger.
- **Distinguish the merger date from core conversion.** The bank's legal merger date may differ from the date its systems are combined. Decide whether reciprocal deposits will transition at close, at core conversion or in phases.
- **Review deposit relationships and exclusions.** Review each customer's deposits held directly and through deposit placement programs and confirm which receiving institutions must be excluded before combining programs.

## Choose the provider structure that fits your bank

A merger is a natural point to compare the cost and service implications of consolidating reciprocal deposits with the flexibility of maintaining two providers. Evaluate each approach against customer needs and your bank's operating capabilities.

| Approach | When it may fit | What to evaluate |
|---|---|---|
| **Consolidate providers** | The bank wants a common reciprocal deposit program and servicing model. | Migration scope, customer documentation, provider agreements and the readiness of the post-merger core systems. |
| **Use two providers by line of business** | Different business lines have distinct customers or program needs. | Clear routing rules and controls for customers appearing in multiple business lines. Each customer can generally remain in one program. |
| **Split customer balances across providers** | Selected customers need capacity across more than one program. | Receiving-bank overlap, exclusions, balance routing, disclosures and statements. This approach requires more coordination. |

## Compare the full economics

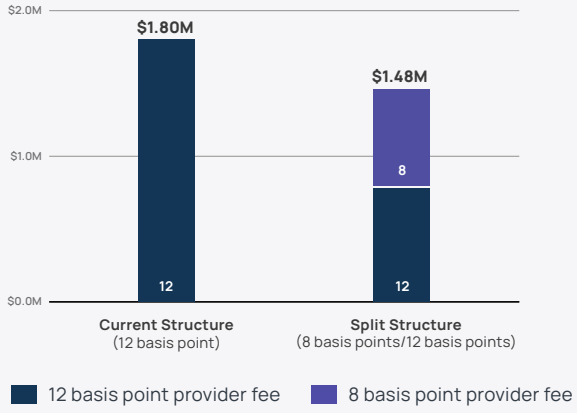
Provider fees are one part of the decision. Include implementation costs, customer documentation updates, internal servicing effort and ongoing technology expenses. A second provider may improve pricing flexibility and broaden capacity but weigh those benefits against the added operational requirements.

### Illustrative provider fee comparison:

Assume a $1.5 billion reciprocal deposit portfolio carries a 12-basis point annual provider fee. Routing $800 million to a provider charging 8 basis points and retaining $700 million at 12 basis points would reduce annual provider fees from $1.80 million to $1.48 million. The difference is $320,000, or 17.8%, before transition costs or additional charges.

*These hypothetical assumptions are for illustration only and do not represent an R&T quote or a savings commitment. Actual pricing and results depend on the bank's portfolio, agreements and operating requirements.*

**Coverage consideration:**
Program limits should not simply be added together. Review each customer's deposits and ownership categories, including funds held outside the programs, and manage receiving-institution overlap before setting coverage expectations.




**Annual Savings**
**$320,000 (17.8%)**
*before transition costs or additional charges*

## Confirm readiness before moving balances

Build the transition around the bank's legal close and systems milestones, allowing time for the required work and approvals. Use these questions to identify outstanding decisions and assign responsibility.

- **Strategy and accountability:** Have you chosen the provider model, customers in scope and migration approach? Are there named bank owners and a clear approval path?
- **Legal and documentation:** Have the post-merger legal entity, signatories and agreements been confirmed? Do you know which customer documents need updating and when they can be completed?
- **Systems and operations:** Have both parties tested account mapping, balance routing, file transmission, settlement and reporting, including any period with two cores?
- **Coverage controls:** Have you reviewed customer overlap, receiving-institution exclusions and the process for monitoring coverage as balances change?
- **Customer and banker readiness:** Are disclosures, FAQs and outreach materials approved? Can bankers explain what changes, what customers need to do and whom to contact?
- **Launch and follow-up:** Are unresolved issues tracked, escalation contacts assigned and launch criteria agreed? Have you defined how balances, exceptions and customer feedback will be reviewed?

## How R&T supports your transition

R&T Deposit Solutions brings reciprocal deposit program expertise to the decisions your bank needs to make. Our Sales and Relationship Management teams coordinate with implementation specialists and other functional teams to assess the proposed approach and plan the work required.

We can help evaluate portfolio segments and provider options, identify operational and documentation needs, and coordinate implementation planning. Customer marketing and communication materials, along with banker training, can support the bank's approved transition plan. The DDM program offers configurable send, receive and reciprocal options, with integrations across more than 50 core processors and trust accounting platforms. Confirm the capabilities required for your specific systems during discovery.

## Discuss your reciprocal deposit transition with R&T

If your bank is planning a merger or reviewing its post-merger provider strategy, contact R&T early. Bring your expected close and core conversion dates, current provider structure and an overview of reciprocal balances. Together, we can help assess whether a transition to the DDM program or a second-provider approach fits your bank's needs and identify the next steps. Confirm coverage and reporting treatment with your own legal and compliance advisors.

1 The Demand Deposit Marketplace® (DDM ®) program. Access to expanded deposit insurance is subject to program terms, receiving-institution availability and applicable pass-through insurance requirements. R&T is not an insured depository institution.

To learn more, speak with your R&T representative or **contact us**.

## Contact us to learn more:

**866-237-2752 | info@rnt.com | www.rnt.com**

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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