

2026

Beyond Rate:

A More Sustainable Strategy For
Credit Unions



Ryan Walker

| SVP Value Engineering, Kasasa

Our approach:

Sharing an idea

Not selling a company

Our idea

When **implemented properly**, rewards-based retail checking products always...

1. Lower institutional cost of funds

Our idea

When **implemented properly**, rewards-based retail checking products always...

1. Lower institutional cost of funds
2. Reduce volatility in deposits

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When **implemented properly**, rewards-based retail checking products always...

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3. Reduce institutional rate sensitivity

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5. Improve account profitability

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6. Drive PFI behavior and cross-sales

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7. Shift balance sheet mix from single relationship deposits to PFI core funding

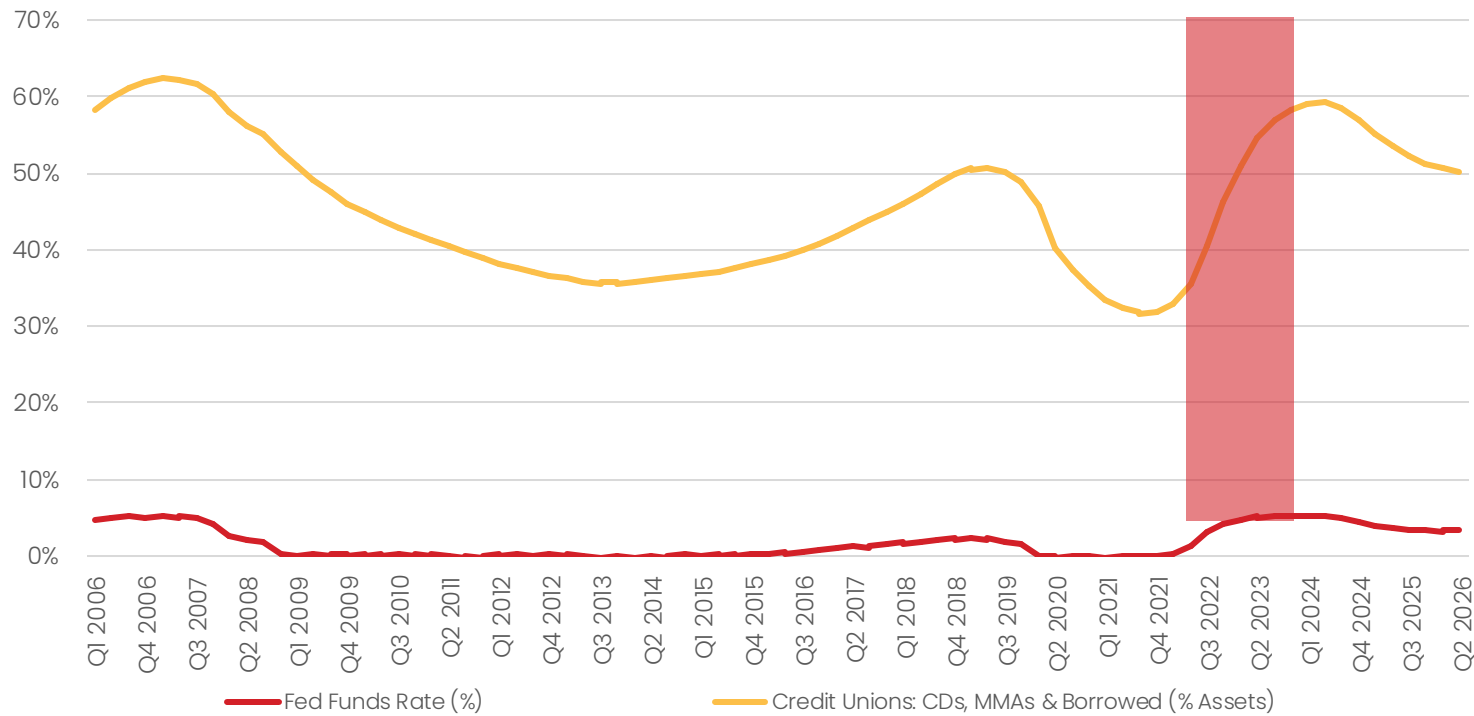
Our idea

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4. Drive up account volumes
5. Improve account profitability
6. Drive PFI behavior and cross-sales
7. Shift balance sheet mix from single relationship deposits to PFI core funding
8. Are more fun

The current approach **Renting deposits**

The cost of renting



Deposits fell, CDs and funding costs surged

All FDIC/NCUA FIs

Total deposit change

-0.56%

CD increase

+117%

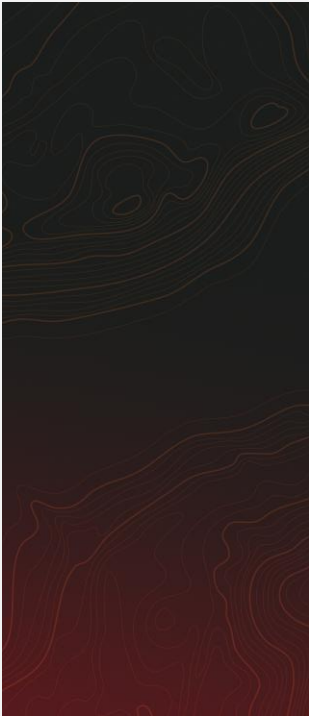
COF change

+2.05%

Source: FDIC and NCUA call report data, June 2022 – October 2023.

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When you need deposits...

Why not
checking
& savings?

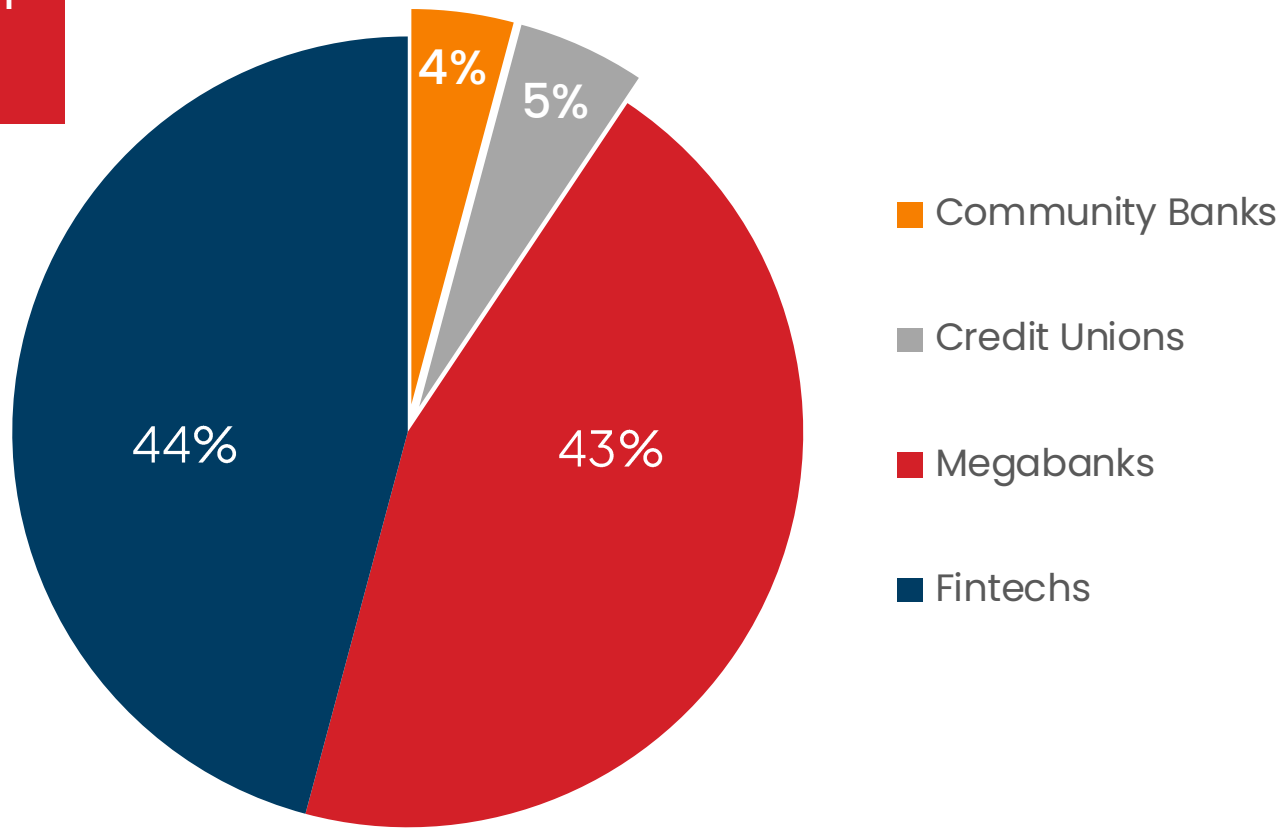
2024

“Digital banks and fintechs captured nearly half (44%) of all new checking accounts opened in 2024.”

– Ron Shevlin, Forbes, 2025



...And mega banks open
the other half



2025

“Fintechs captured 56% of all new checking and payments account openings in 2025, up from 44% the year before.”

– Ron Shevlin



Source: Cornerstone Advisors, The Zillennial Opportunity, 2026 (Ron Shevlin, author)

And checking isn't PFI
anymore – paycheck motel

\$2.15T

**displaced from community
banks and credit unions**

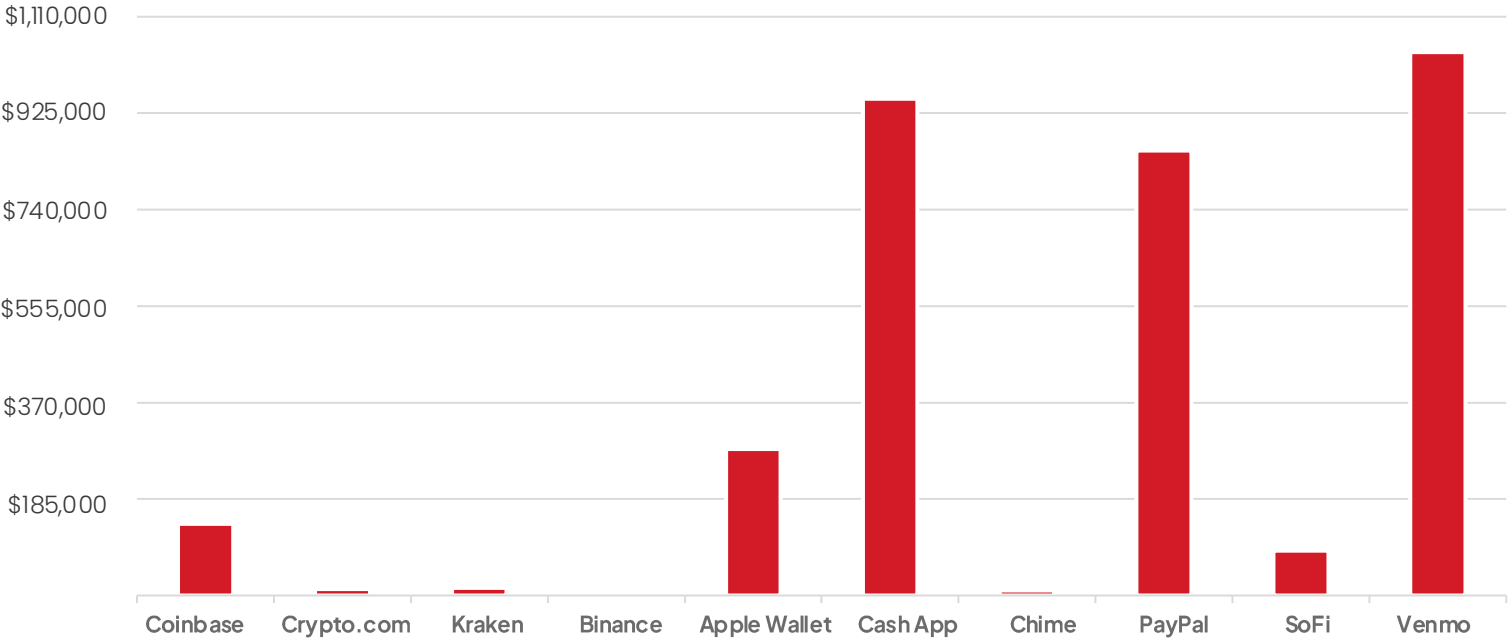
Into fintech investing and higher-yield
alternatives — 65% from Gen X and
Boomers, not Gen Z.

Source: Cornerstone Advisors, n=2,757 (modeled estimate)

*This represents over 10% of all
deposits in the US banking
system*

Average across Kasasa
database

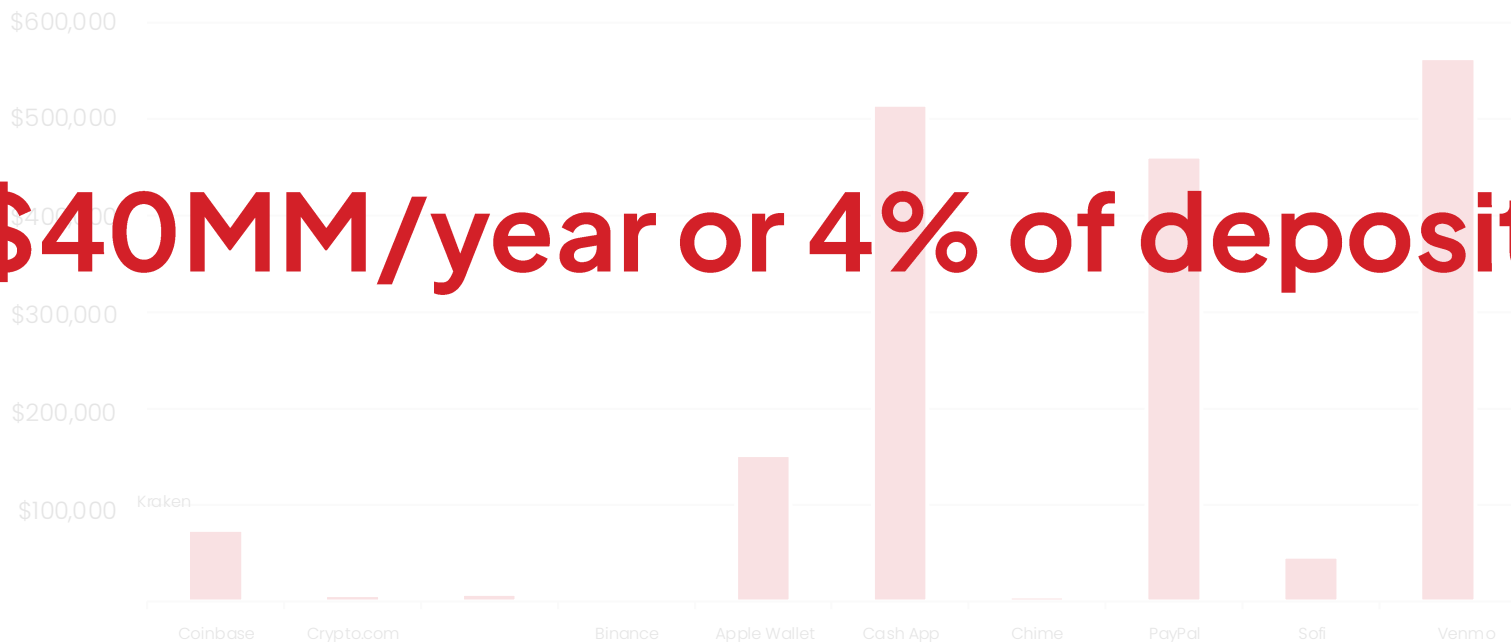
\$3.3MM/month for \$1B FI



Average across Kasasa
database

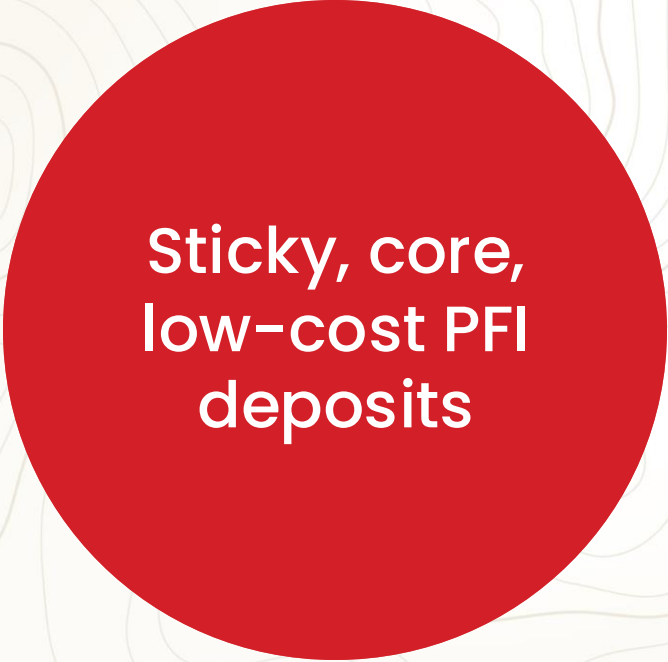
\$1.8MM/month for \$540MM FI

\$40MM/year or 4% of deposits



Can we agree that...

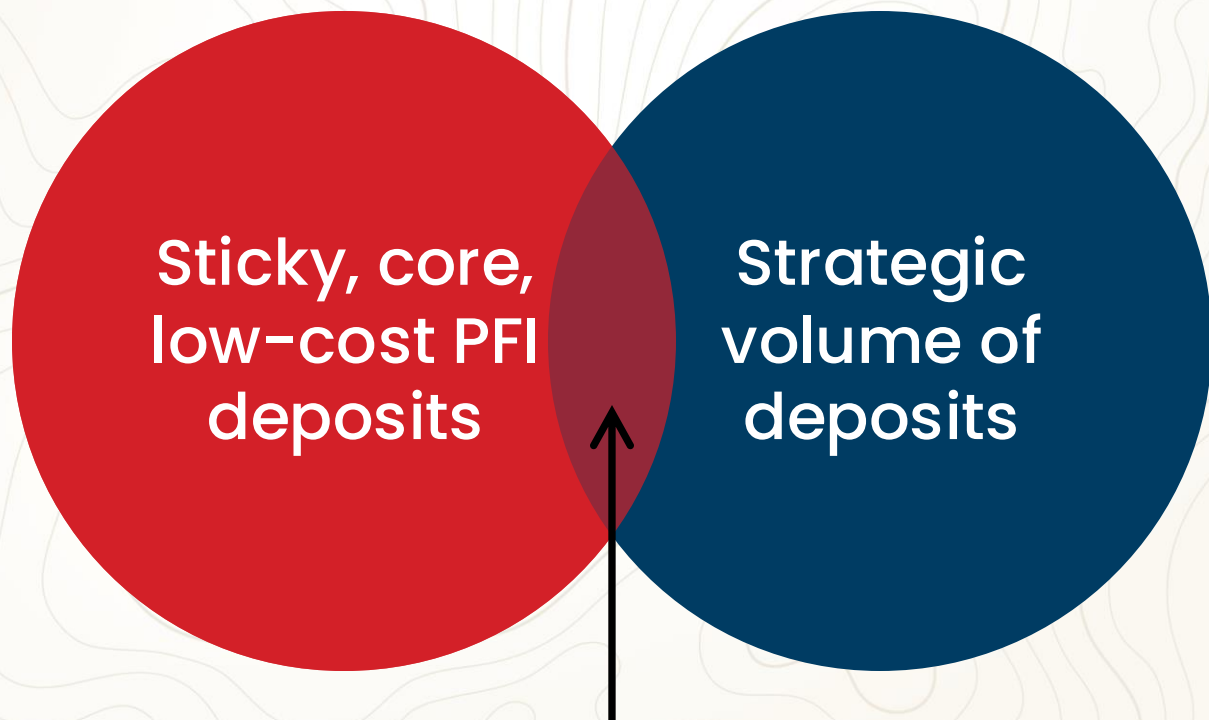
...growing truly strategic deposit volumes
from checking and savings
is getting harder and harder?



**Sticky, core,
low-cost PFI
deposits**



**Strategic
volume of
deposits**



Our deposit strategy

Have your deposit cake and eat it, too

Kasasa clients vs. all FDIC/NCUA institutions · June 2022 – October 2023

	All FDIC/NCUA FIs	Kasasa client advantage
Total deposit change	-0.56%	+4.11%
CD increase	+117%	+43% 2/3 less
COF change	+2.05%	+1.43% 30% less

Source: FDIC and NCUA call report data, June 2022 – October 2023.

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THE FUNDING STRATEGY:

Product overview

How it works

Behavior-driven cash
rewards accounts

**Free
account**

If they qualify

- Debit TRXs
- eStatement
- OLB or ACH

PFI behavior



Nationwide
ATM fee
refunds



Consumer chooses the reward
that matters most to them

High interest

OR

Cash back on all purchases

OR

Cash back on grocery &
food delivery

OR

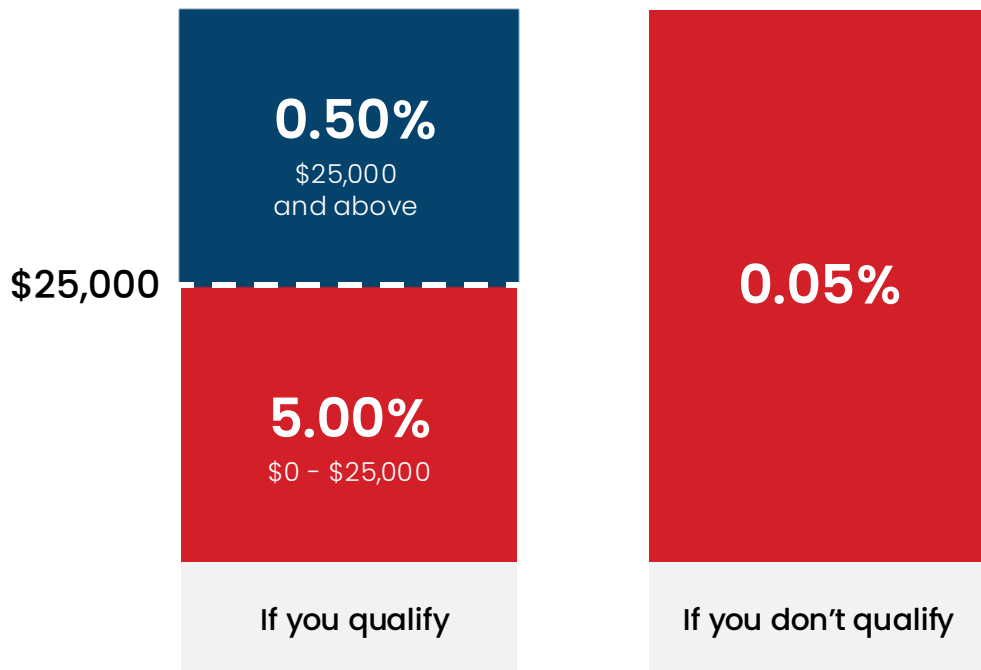
Cash back on streaming services

Consumer can choose to add

High interest savings

High yield checking

Drives low-cost core deposits



Balance	\$9,615
Avg. age	51.4
Swipes	27.9
Rate	4.00%
COF	1.52%
Net cost	0.03%

Engagement Free checking versus rewards checking

	Free checking	Rewards checking	Improvement
Average age	61	47	14 yrs younger
Card transactions/account	17.2	31.3	+82%
Incoming ACH/account	1.83	2.45	+34%
Outgoing ACH/account	3.50	4.90	+40%
eStatement adoption	52.9%	79.0%	+49%

Loan propensity nearly doubles

Lift in loans per checking account

Credit unions

Always vs. Never Kasasa

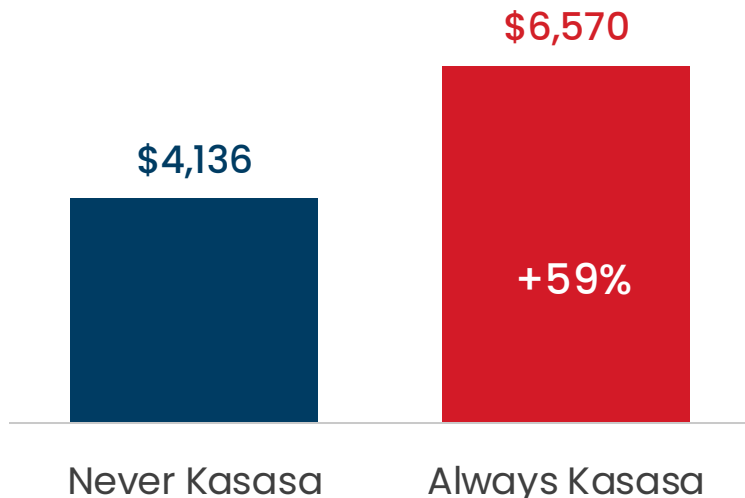
+87%

Switchers: pre vs. post

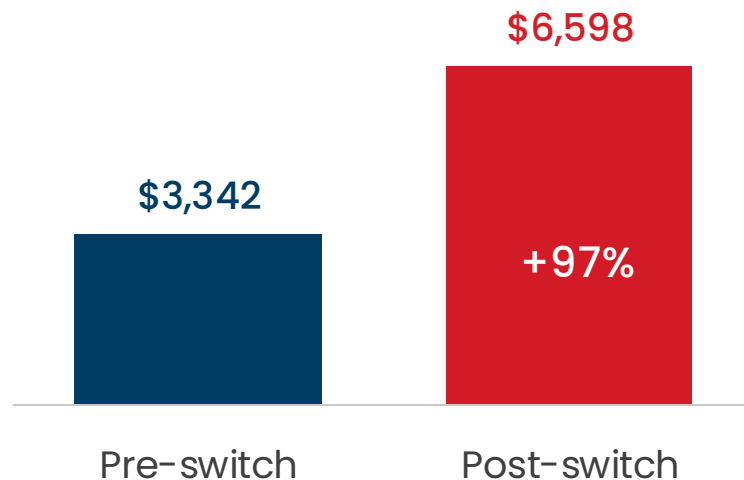
+91%

Rewards accounts nearly double consumer loan balances

Loan balance per account, two groups



Loan balance per account, switchers



This deposit strategy is

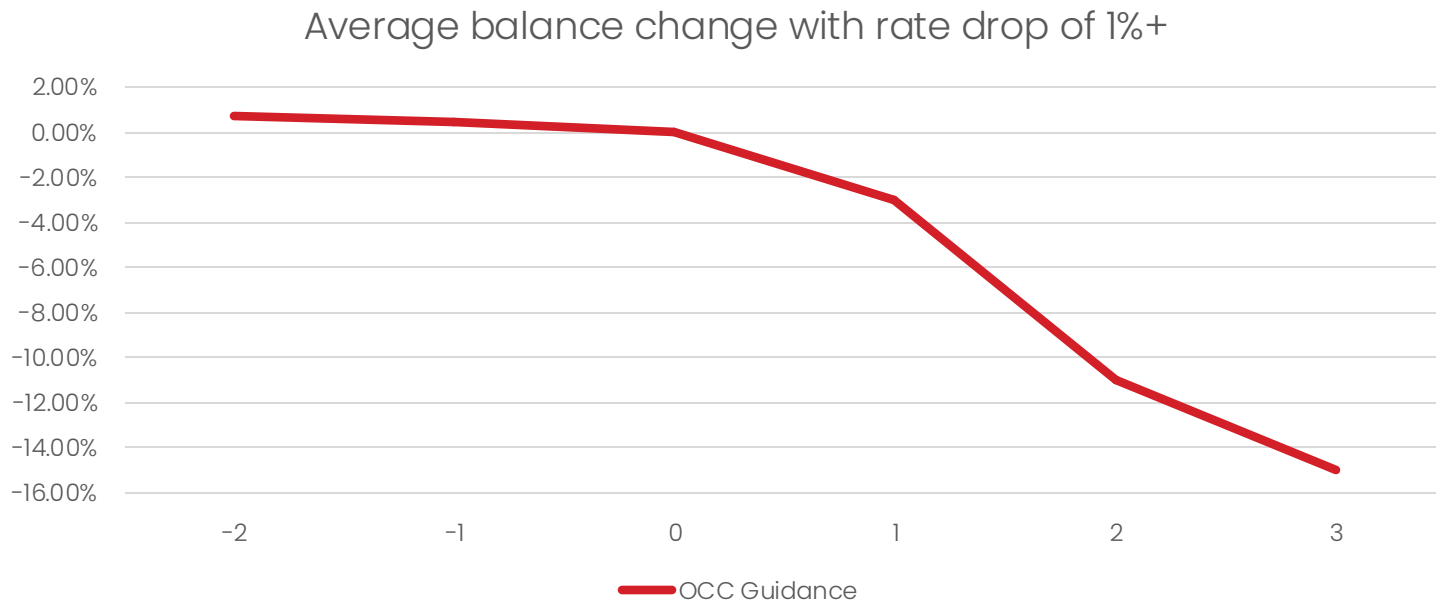
- Low cost**
- Low volatility**
- Big volume**

How is this profitable?

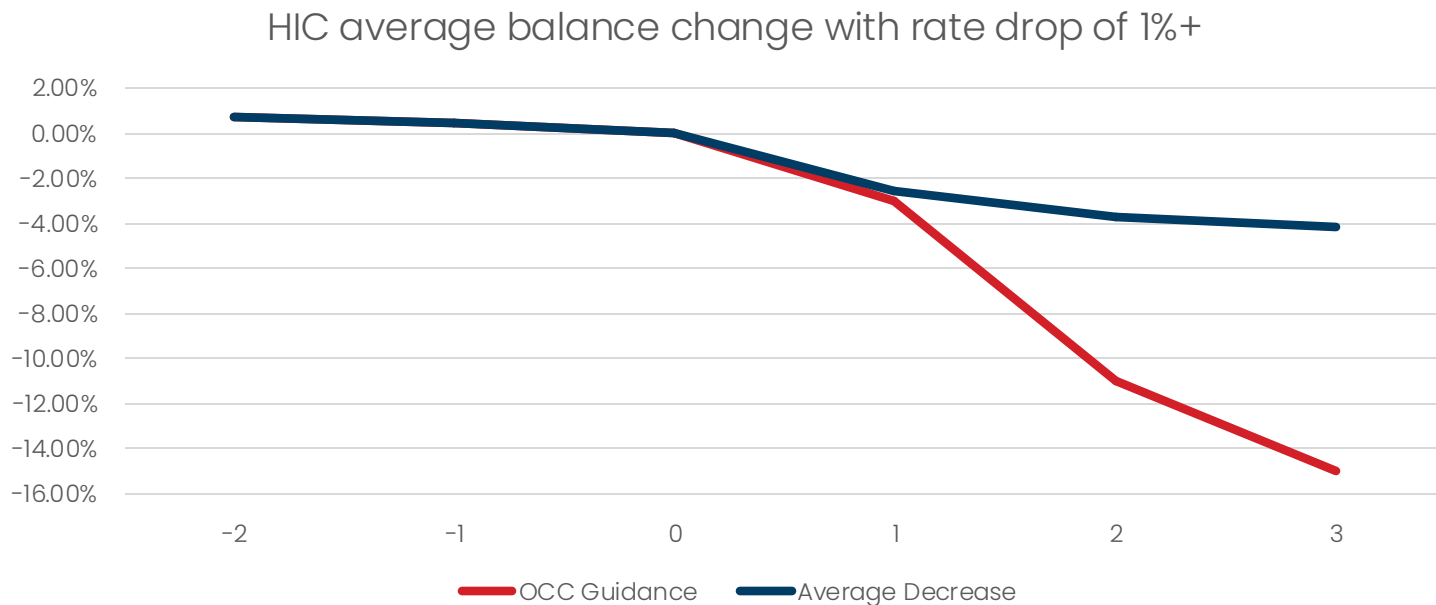
The math

	High yield DDA	CD
Balances	\$35,000,000	\$35,000,000
Promoted rate	5.00%	4.00%
Interest paid (monthly)	(\$79,749)	(\$116,667)
Cost of funds	2.73%	4.00%
Non-interest expense	(\$5,284)	\$0
Non-interest income	\$50,374	\$0
Cost of deposits (monthly)	(\$34,659)	(\$116,667)
Annual marginal cashflow	(\$415,908)	(\$1,400,000)
Effective cost of deposits (%)	1.19%	4.00%

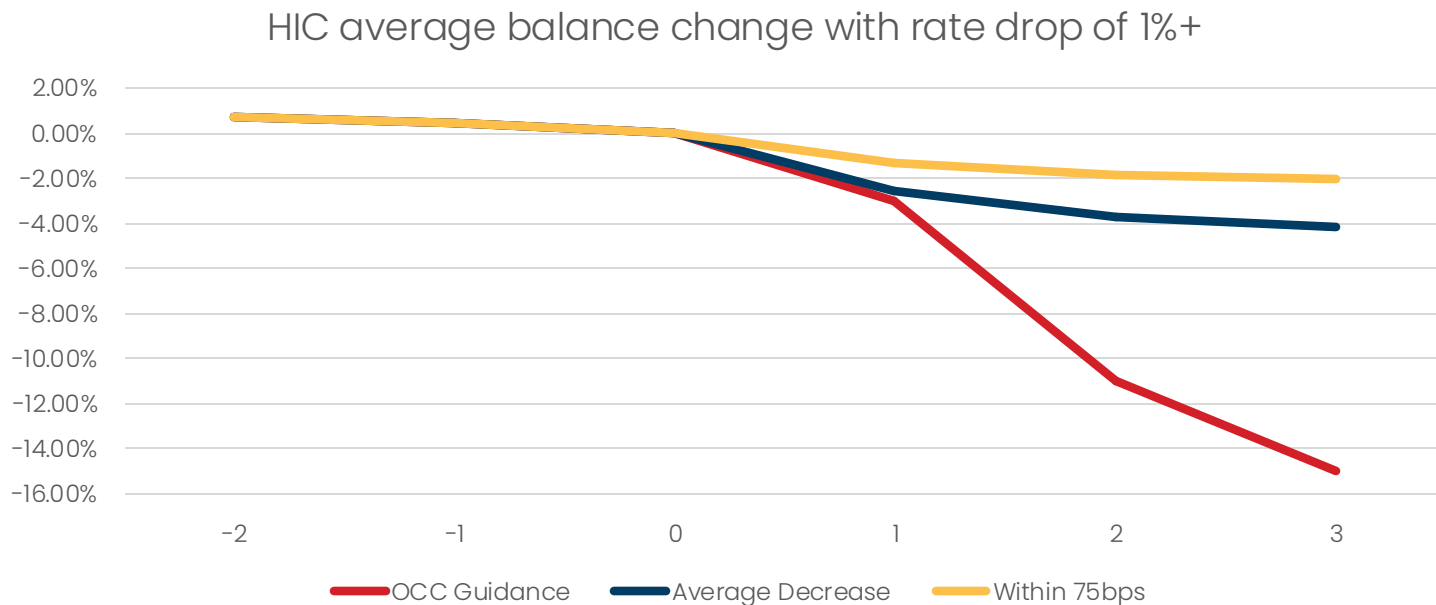
OCC guidance assumes interest-bearing (NOW) checking balances fall 15% after a 1% rate cut



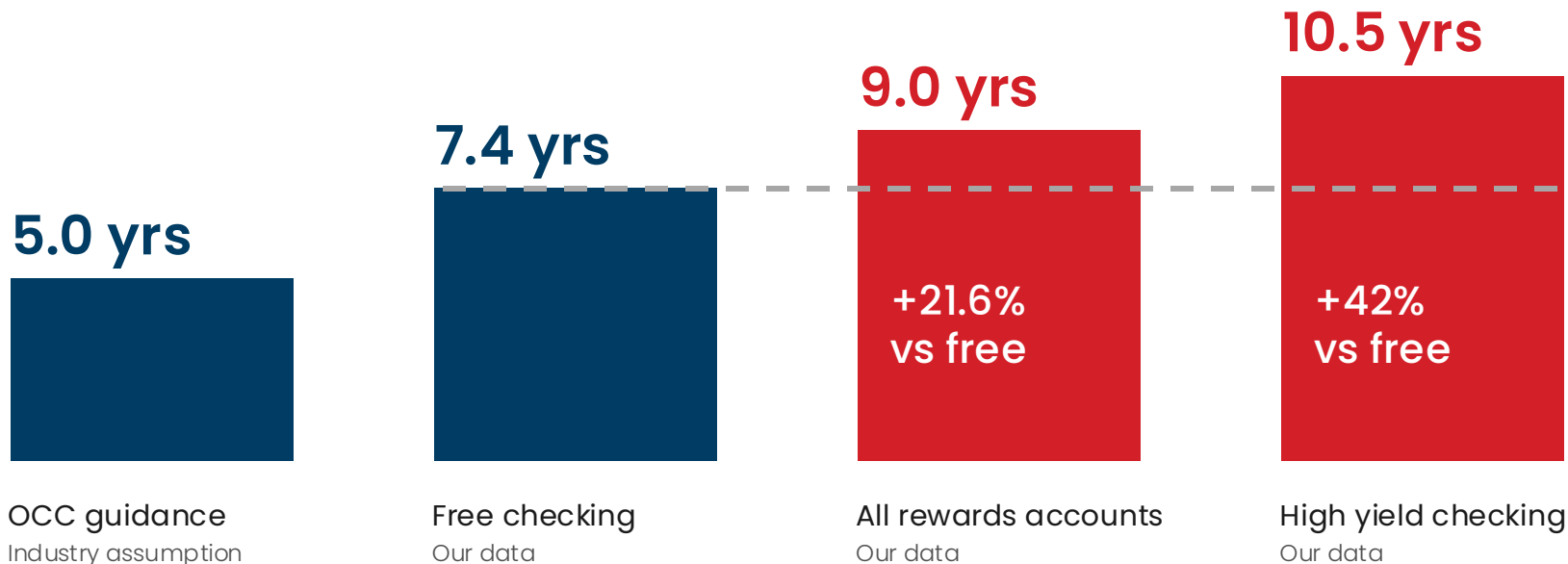
In practice, high-yield checking balances fall just 4%



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High yield checking accounts last 42% longer than free checking



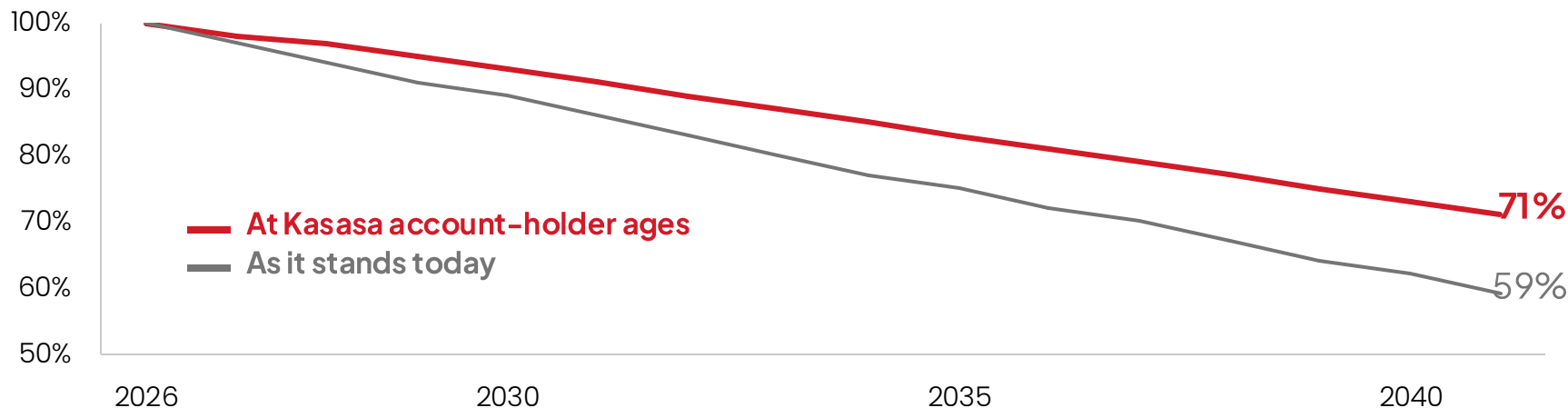
Source: Kasasa account data; OCC free checking life span assumption.

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At Kasasa account-holder ages, 71% of today's deposits survive fifteen years, not 59%

Surviving balance, share of today's deposits



At Kasasa ages
71%

As it stands today
59%

Difference
12 pts

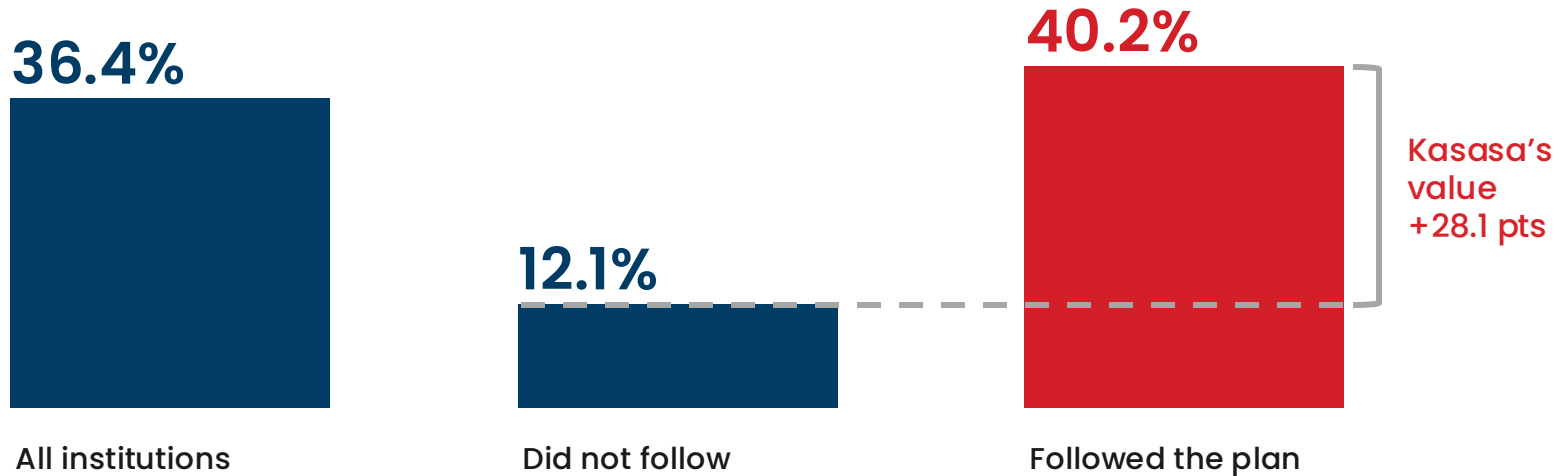
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Increase in account opening volume year over year

The plan delivers real growth

Average lift · institutions launched 2023 and later



The big concern **Cannibalization**

Switched accounts change behavior

Per-account averages, before and after the switch to a Kasasa rewards checking account

Metric	Pre-switch	Post-switch	Change
Average balance	\$6.6K	\$7.9K	+\$1.3K

Checking-account balances only — Saver balances are excluded here and added on the profit slide. Interest expense rises because rewards are paid; it reduces profit and is not a gain.

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Per-account averages, before and after the switch to a Kasasa rewards checking account

Metric	Pre-switch	Post-switch	Change
Average balance	\$6.6K	\$7.9K	+\$1.3K
POS swipes	27	31	+4
ACH credit transactions	2.1	2.5	+0.4
ACH debit transactions	4.1	5.1	+1.0

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ACH debit transactions	4.1	5.1	+1.0
NSF transactions	0.133	0.178	+0.045
eStatement adoption	31%	77%	+2.5X
Interest income	\$26.9	\$34.0	+\$7.1
Non-interest income	\$13.1	\$16.0	+\$2.9

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Non-interest income	\$13.1	\$16.0	+\$2.9
Interest expense (a cost)	\$1.1	\$8.4	+\$7.3

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Per-account monthly income statement, pre- and post-switch

	Pre-switch	\$ / month	Post-switch	\$ / month
Card interchange (0.33)	26.7	\$8.81	31.4	\$10.36
NSF	0.134	\$4.02	0.177	\$5.31
Paper statement expense	68%	(\$1.50)	23%	(\$0.59)
Reward expense	—	—	—	(\$10.97)
Net NII - NIE		\$11.33		\$4.11

Switcher cohort: these accounts were already more active than the average free-checking account before switching (26.7 debits per month vs. roughly 17), so the levels here differ from the whole-base figures shown earlier.

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Balance increase	\$6,640	\$27.67	\$7,853	\$32.72

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Change In Profit				-\$2.16

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Saver balance	—	—	\$3,677	\$10.42
Checking + savings profit		\$38.99		\$47.25

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Loan balance	\$3,342	\$8.36	\$6,598	\$16.50
Relationship profit		\$47.35		\$63.74

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Relationship profit		\$47.35		\$63.74
Improvement per month				+\$16.39
Improvement per year				+\$196.71

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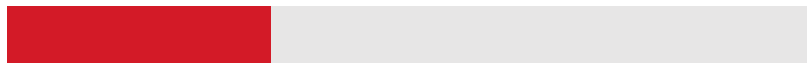
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One in three of your
consumers are up for grabs

1 in 3

consumers are ready to leave
their primary bank



“33% of consumers are
vulnerable to switching
their primary bank at
any given time.”

Rivel Banking Research, cited in
ABA Banking Journal, 2025

Cutting attrition 17% adds \$91,035 a year

Modeled on an institution with 10,000 checking accounts

Checking accounts	10,000
Current attrition	7.0%
Accounts lost per year	700
Reduction in attrition	17%
Accounts saved per year	119
Profit per saved account	\$765

\$91,035

added profit per year

Attrition falls from 7.0% to 5.8%, keeping 119 accounts a year.

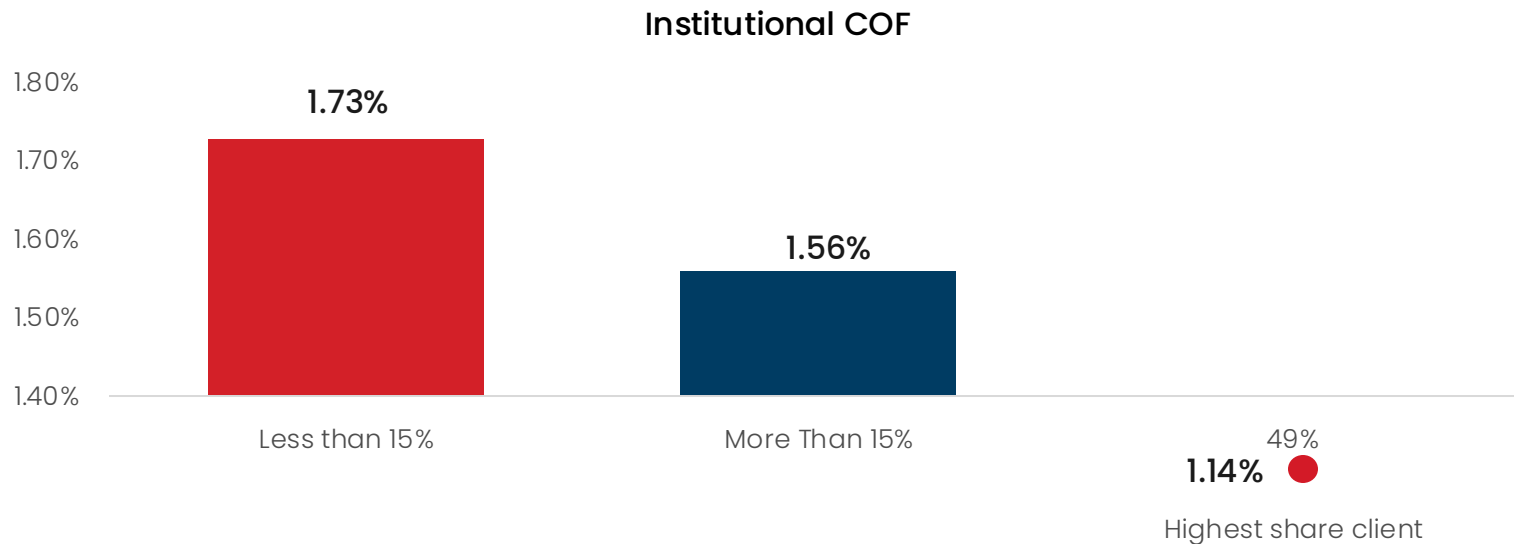
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Unlock potential value
Go all in!

A bigger Kasasa share lowers institutional cost of funds

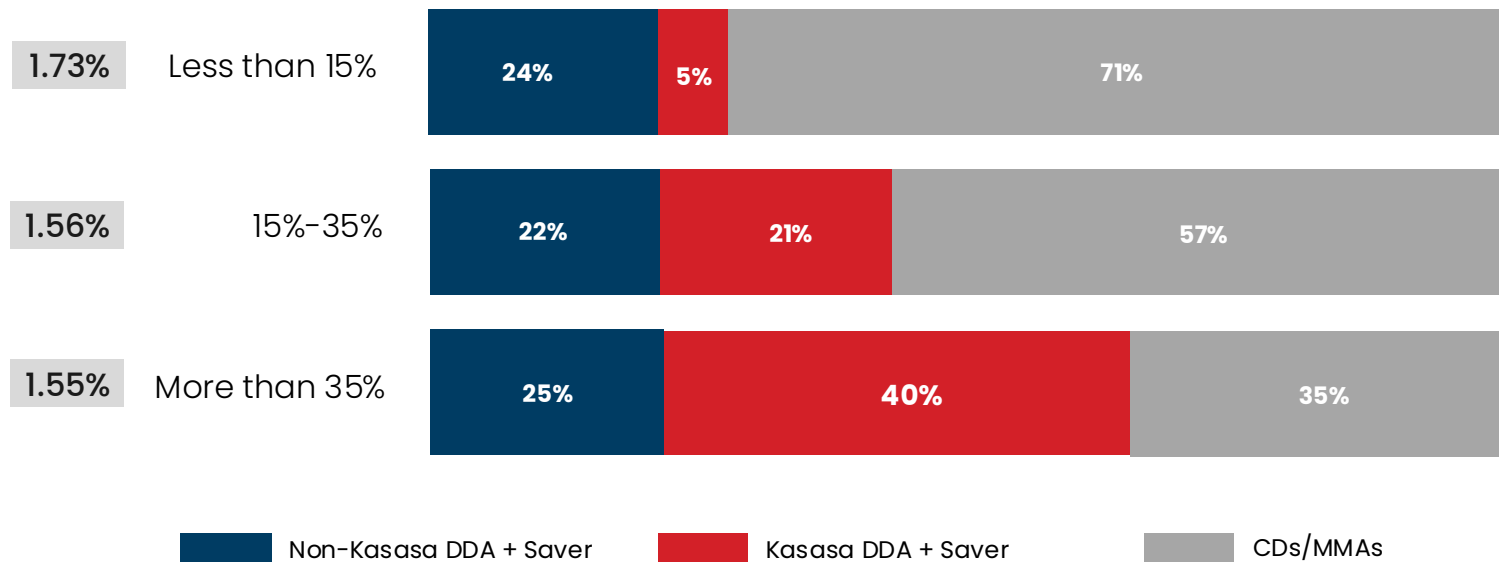
Prioritizing Kasasa as a funding source cuts dependence on costlier alternatives



Kasasa share of total deposits, by band.

Kasasa deposits displace costlier funding

Funding mix by Kasasa share of total deposits



Above a 35% Kasasa share, net cost turns negative

Cost of funds less NII per deposit dollar, by Kasasa share of deposits

Kasasa-powered share	Cost of funds	NII per deposit \$	Net cost COF-NII%
Under 15%	1.73%	0.76%	0.97%

A negative net cost means non-interest income more than covers the cost of funds.

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15% to 35%	1.56%	1.31%	0.25%
Over 35%	1.55%	1.90%	-0.35%

Highest-share client (50% Kasasa share): cost of funds 1.14% · net cost -0.59%

A negative net cost means non-interest income more than covers the cost of funds.

20+ years, \$20B in deposits

**We know this
works**

We know it's true,
because we trust KIM.

Kasasa Institutional Memory (KIM)

Our historical record of every launch

Database stats

2.2T

Rows of data

1,788

Institutions

18.7M

Accounts

\$169B

Deposits
monitored

39B

Transactions
analyzed

We've claimed

When **implemented properly**, rewards-based retail checking products always...

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8. Are more fun

What Holes Do You See In My Case?

How Kasasa started

One story to understand
everything about us.



21 years ago, our CEO asked...

“What **should I have asked** before I joined this company?”

And Tim, the president, said...

“Should’ve asked
‘what will the cores do?’”



Our CEO asked...

“What **will** the cores do?”

And Tim answered...

"The cores will **just**
give it away."

So Don, the founder, said...

“Then we’ll sell **results**,
not just software”



The real points of failure

01

User engagement /
adoption

02

Marketing

03

Frontline effectiveness

04

Compliance

05

Product design
alignment to strategy

06

Executive buy-in



The most important impact is being able to **grow the balance sheet**, grow shares so we can lend it out, and at a **lower Cost of Funds than CDs or high yield money markets**. And then those accounts become sticky.



Scott Stevens
CFO, Mutual 1st Federal Credit Union





Thank you

