Sources of Non-Interest Income

Course 2025/3025

Dan Harbison

May 20 – 21
May 22
May 23
May 24

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2019 Session
COURSE: Sources of Non-Interest Income

COURSE COORDINATOR: Dan M. Harbison

LECTURE DATES: May 20, 21, 24, 2019

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CAN YOU AFFORD TO ONLY BE A BANKER?

1. Review Traditional Sources of Non-Interest Income

2. Review Non-Traditional Sources of Non-Interest Income

3. Non-Interest Income and its effect on the income statement

4. Non-Interest Expense and its effect on the income statement

5. Marketing Non-Interest Income products and services

6. Expense Management

7. Things to Consider / Best Practices

Feel free to contact me after the session to discuss any information discussed during the presentation
Traditional Sources of Non-Interest Income

- Lock box fees
- Credit life insurance
- Loan processing fees & loan origination fees
- Overdraft fees
- Account service charges
- Stop payment
- Close account by mail
- Court appearance (hourly rate, document cost, mileage)
- Check cashing
- ATM transaction fees
- Statement balancing/reconciliation (hourly rate $15.00 per hour)
- Wire transfers
- Travel cards
- Dormant account fee
- C.D. early withdraw fees
• Debit card income

• Club account income

**Non-Traditional Sources of Non-Interest Income**

• Gap insurance

• General lines insurance products

• Skip-a-payment

• Late financial statement fees

• Notary fees

• Marketing investment products (mutual funds, annuities)

• Merchant services

• Trust Department services
ENTERING THE GENERAL LINES INSURANCE BUSINESS

• Federal Banking Laws & some states have allowed Insurance Operations for years.

• Barnett Bank Ruling

• Insurance sales increases your "SHARE OF CUSTOMER"

"By achieving an ever increasing share of your customer’s lifetime financial service needs, you create a barrier to competitors and a long-term revenue stream"
1. Your customers must accept the Bank as a well qualified provider of insurance services.

2. Your pricing and service must be received by customers as being more valuable than current providers.

3. Involve top Management

4. Focus your business efforts

5. Create & sustain a sales culture (works both ways)

6. Protect and leverage your brand
Options to Consider:

Denovo Ventures

- Lag time too great for income to catch up to offset necessary up-front costs.

Joint Ventures

- Formal marketing and ownership venture with an established insurance agency or actual company.

Purchase an Existing Agency

- Established customer base/low cost
The Good:

- Increase revenue stream product diversification
- Expand opportunity for employees
- Expand customer relationships

The Bad:

- Different cultures
- Different Compensation/Benefits
- Un-happy Bank customer due to poor handling of an insurance claim.