



DEPOSITS

Small banks turn to German fintech for deposit-gathering help

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Consumers on the prowl for higher rates on their savings or more places to spread out their cash have a few shortcuts.

They can research accounts with top yields on Bankrate.com or DepositAccounts.com. If their concern is exceeding Federal Deposit Insurance Corp. limits, they can register with MaxMyInterest, a service that spreads funds among savings accounts that earn up to 0.85%.



Site	What it does	Top advertised savings rate	Relationship stays with bank
Bankrate	Lists top-yielding deposit accounts; advertising can affect placement	0.7%	Yes
MaxMyInterest	Distributes funds among high-yielding bank accounts while staying below FDIC limits	0.85%	Yes*
SaveBetter	Lets consumers shop and sign up for accounts at several banks; funds managed through a single SaveBetter account	0.5%	No

*Account is opened through the MaxMyInterest site, yet bank runs new customer checks and holds deposits

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Now there's a new competitor to these savings account rate finders: the German fintech [Deposit Solutions](#).

Through SaveBetter.com, an online portal that marks Deposit Solutions' first foray into the U.S., consumers can shop offerings from a variety of banks. They can open one or more savings accounts from the available banks, with certificates of deposit expected to be available by the end of the year, but manage them all through a single SaveBetter account.

In return, participating banks hope to raise deposits and gain access to customers nationwide rather than relying mostly on their local markets.

Though the pandemic has fueled a [deposit surge](#) at the nation's banks, small institutions still welcome the boost, bankers say.

Ponce Bank in New York City is one of the first institutions to partner with Deposit Solutions. As a community development financial institution, or CDFI, "we are investing in our communities about 80% to 85% of our funds in any



brand in a more national way would also be helpful to us.”

There are potential downsides that complicate the benefits of using Deposit Solutions as a deposit broker. “If the customer views the relationship as with the fintech company as opposed to the bank, the bank’s ability to cross-sell other services and products becomes much more difficult,” said Jim Burson, managing director at Cornerstone Advisors. “You’re giving up the customer relationship for the benefit of having liquidity or added deposits you can reinvest in loans.”

How it works

Users will sign up and manage their account or accounts entirely through SaveBetter, but can easily compare available products from different banks on the site. Once customers choose a product and open a SaveBetter account, their funds transfer via the Open*CP application programming interface from Central Payments, a subsidiary of the \$261.5 million-asset Central Bank of Kansas City.

Besides Ponce Bank two other banks have signed on: Central Bank of Kansas City in Missouri and Continental Bank in Salt Lake City.

Philipp von Girsewald, Deposit Solutions' CEO, said a fourth is joining soon and the company is lining up others. Deposit Solutions looked for institutions that covered a swath of regions and have competitive rates.

“Even in a digital world, some customers feel they want their money invested in their state or community,” he said.

Ponce Bank is offering the highest rate on savings account, at 0.5%. Rates of major online banks with similar terms are higher; for example, Ally Bank, Discover Bank and [Marcus by Goldman Sachs](#) are currently paying 0.6%.

“The customer can always find a better rate if they go far enough and dive deep enough, if not today then tomorrow,” von Girsewald said.

He argues that SaveBetter.com has competitive offerings, and users can easily move money around among its pool of partners. Rather than closing one account and opening a new one, users can enjoy the convenience of one statement and one overview.

There is still the question of whether consumers will gravitate to SaveBetter’s proposition. While some want to bank with a local institution, others will always stay with their primary financial institution, or head to Bankrate.com to find



What's in it for the banks?

Banks listed on SaveBetter.com can reach new customers who otherwise wouldn't have heard about them. Though the customer won't forge a relationship directly with the bank, the customer sees the bank's logo and chooses its account. Another benefit: Deposit Solutions takes care of analytics, reporting and anti-money-laundering and know-your-customer checks. Also, participating banks can choose to offer a different savings product than what they are offering through their own websites.

"Because individual customers make the choice of where to put their money, the platform effectively establishes a digital connection between the customer and the bank," von Girsewald said. "The way the underlying deposits behave is much more typical of core retail deposits. The bank has the underlying efficiency of wholesale funding but we provide the bank with funding that has retail characteristics."

Partner banks have several reasons for advertising their brand and products through this channel.

"For Central Bank of Kansas City, it's another source of deposits," said Trent Sorbe, founder and president of Central Payments. "It's another interesting way in which a small community bank, a CDFI in Kansas City, can diversify its deposit acquisition strategy, reach markets outside of Kansas City and be competitive with larger providers. Even in a time of economic uncertainty, I think everyone anticipates that loan demand will come back, liquidity will remain very important and low-cost deposits will be important as well."

Raising deposits is also important for Ponce Bank. Naudon said that his institution's loan-to-deposit ratio is 112% and it needs more deposits to continue lending, above what it gathers from the Certificate of Deposit Account Registry Service from the Promontory Interfinancial Network.

Naudon also appreciates the financial education component of SaveBetter.com, which encourages users to make their own choices and publishes content on savings.

"Financial institutions like ours that are small and have fewer resources than a large Wall Street bank," he said, "should be encouraged to participate in ventures with fintechs that at the end of the day are helpful to both the institution and the consumer."

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