

FAQ:

How Do I Demonstrate ROI To My Board And Executive Team?



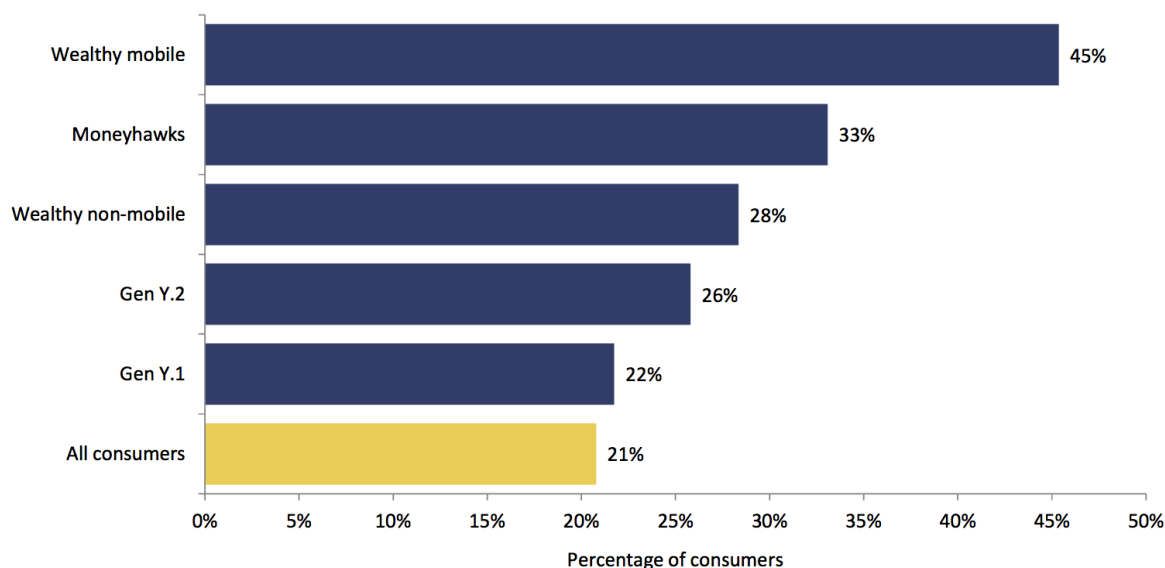
At MX, we know that account holder interest in digital money management is not enough to justify investment by most financial institutions.

That's why we walk through a detailed ROI calculation with each prospective client to demonstrate tangible benefits and provide them with the tools necessary to make the business case.

The core of our calculations come from third-party research firms. For instance, Forrester Research finds that digital money management "generates a series of benefits, rather than one big one." The biggest returns come from cross-selling additional products and reducing customer attrition.

Most importantly, it's a matter of who FIs are retaining and cross-selling to — their most affluent and profitable account holders.

Wealthy Mobile-Banking Users and Moneyhawks Head the Pack in PFM Usage

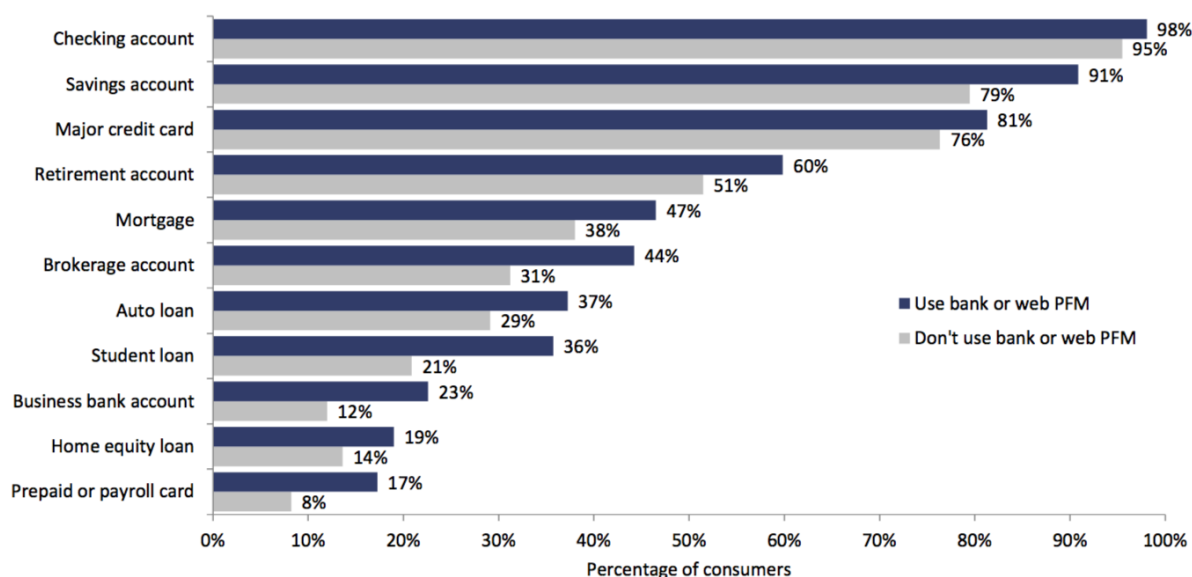


Javelin Strategy & Research notes that digital money management is a "magnet for consumers who monitor and manage their finances vigilantly. That list is topped by Moneyhawks, who actively use online banking, mobile banking and pay bills through their primary FI."

Moneyhawks represent the most profitable account holders for an FI; more than half of the consumers who use bank PFM tools are Moneyhawks. While they only account for 13 percent of the population, **Moneyhawks control a staggering 41 percent of deposits and a third of investable assets.**

Digital money management users as a group are wealthier (household income approaching \$92,000, 18 percent higher than non-users), have relationships with more FIs and manage more accounts, presenting greater opportunities for generating revenue. Javelin finds that they're more likely than non-users to own deposit accounts, "borrow through credit cards, mortgages, car loans and student loans and invest in retirement and brokerage accounts." They also contribute to interchange revenues, as they're more likely than non-users to "charge purchases to a credit card (52% vs. 36%), swipe a debit card (46% vs. 24%), or pay with a prepaid or payroll card (10% vs 4%)."

Bank-and Web-PFM Users Buy More Financial Products



Source - Javelin Strategy & Research

Once these highly profitable customers begin to rely on digital money management they're less likely to switch financial institutions. When users aggregate their accounts and start managing their money at a financial institution, those users become increasingly loyal. They don't want to switch FIs and lose their financial history, including spending trends and budget settings. Our

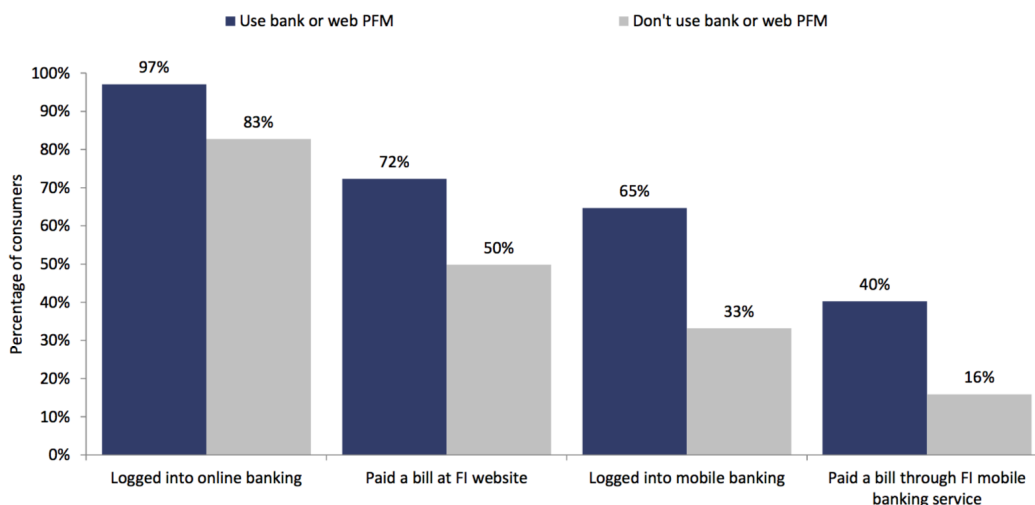
ROI demonstration begins by comparing an FI's normal attrition rate with the reduced attrition rate that can be expected when partnering with MX. Customer retention drives huge savings; Callahan & Associates has found that the **average cost to acquire a new checking account is \$442**.

As account holders aggregate their external accounts to MX's platform, financial institutions can target them with lower interest rate offers, both benefiting the customer and expanding their relationship with that institution. According to Forrester, financial institutions that "use insights gained from money management to deliver more relevant offers or personalized marketing messages should be able to cross-sell more effectively and increase the average number of accounts per customer." Imagine what just a slight uptick in deposit accounts, auto loans, credit cards and consumer loans can do for the bottom line. By utilizing Insight & Target, MX's cross selling engine, **financial institutions can increase the number of accounts held by each customer**.

Investing in digital money management carries other measurable benefits:

Increased utilization of online and mobile banking use, self-service: "Offering digital money management can drive adoption and use of other online and mobile banking functionality and sometimes reduce costs in other channels by providing one more reason to use online or mobile banking," writes Forrester. Javelin Strategy & Research found that FIs can gain \$167 in annual operational savings for every offline customer converted to online banking. Increased online banking means less in the way of costly phone or branch interactions. Javelin found that users of bank PFM are more likely than non-users to log into online banking (97% vs 83%) or mobile banking (65% vs 33%) and pay a bill online through their primary FI (72% vs 50%).

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Reduced paper costs: Forrester found that "providing customers with easy-to-use online financial overviews can encourage customers to abandon paper statements."

New customer acquisition: Forrester notes that "several banks have won new customers for accounts that have money management features at their heart, such as PNC Banks' Virtual Wallet, which attracted 1 million customers in four years." MX takes this concept one step further with Widenet, **a mobile application that financial institutions can offer to non-members** so they can experience digital money management before being converted to an account holder.

Whether the aim is to bolster user retention, seize cross selling opportunities or attract new customers, MX provides financial institutions with the means to get there. We work side-by-side with FIs to measure both the costs and expected returns around each solution they intend to adopt.

Forrester estimates that within one year of integration, 15 percent of online banking users will adopt digital money management. Because of this rate of adoption, financial institutions can expect solid yearly revenues shortly after integrating digital money management—particularly since these users mostly consist of Moneyhawks, who each bring in over \$6,200 each year.

To walk through an ROI calculation for your financial institution, please contact sales@mx.com