

CHANGING THE GAME WITH PRICETEK® DEPOSITS:

How First Tennessee Bank improved their profitability and efficiency with advanced analytics

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*– Daniel Dent,
SVP Consumer Deposit and
Emerging Payments Solutions at
First Tennessee Bank*

First Tennessee recently celebrated its 150th anniversary and has the distinction of not only being the top market share leader in Tennessee, but also a Top 40 bank in the US in terms of asset size and market capitalization. To get ready for the next 150 years and prepare for the industry challenges ahead, the bank installed the PriceTek® Deposits optimization solution in 2014, renewing their contract in 2016. With this solution, the bank has added more science into their deposit pricing process, producing ongoing financial benefits for the bank and customers, as well as organizational productivity gains.

INCREASING THE PACE: PRODUCTIVITY, ANALYTICS, COMMUNICATION, AND EFFICIENCY

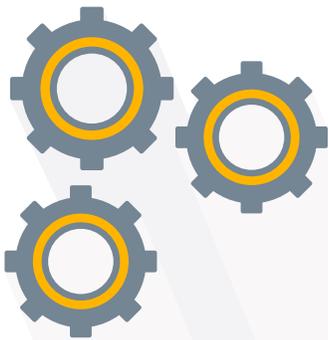
First Tennessee operates with a small analytics team handling pricing and product analysis. Between core business needs and ad hoc requests, their workload is consistently full. Prior to PriceTek, a lot of time was spent on *gathering* information, vs. *analyzing* information. With the added analytical power of PriceTek, “We have all the data we need in one place, available in easy-to-use formats” commented Daniel Dent, SVP Consumer Deposit and Emerging Payments Solutions at First Tennessee Bank. PriceTek’s intuitive interface and guided reports offer self-service analytic capabilities to a broader set of resources. “Before PriceTek, if I asked my analytics team for a report, they would stop what they were doing to focus on that request. Now, I can do it myself, while they can continue being productive on the more insight-oriented tasks at hand. It’s a huge workforce multiplier for us.”

In addition to increased productivity, PriceTek has opened doors to new ways of working with and understanding customer data. For example, the platform’s modules enable First Tennessee to drill down quickly into key customer behaviors. Customer-level flow of funds provide a detailed understanding of the impacts from promotional rates, cannibalization and maturing term balances. The application is designed to guide users to important insights, while also serving as a vehicle for self-exploration. “With this solution, I have more customization capabilities, and find things I didn’t necessarily think of by manipulating the many analytical variables,” added Daniel.

The ease and speed of PriceTek’s reporting capabilities has not only saved time, but it’s also enhanced the communication between the internal stakeholders at First Tennessee. Reports can be tailored for any audience — whether it’s the regional or branch offices, the CFO, or the executive committee, and, “more than anything, it helps to have a single source of truth for all of our deposit data. On any given day, you have your Marketing, Product and Treasury areas coming up with different points of view, using their own data sources. PriceTek removes the subjectivity and helps unify the organization around one way of evaluating deposits,” said Daniel.

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40% *year over year.*



HOW HAS THIS CREATED REAL CHANGE AT THE BANK?

In 2015, First Tennessee’s objective was to lower the cost of funds, while still growing the overall deposit portfolio. Tactically, a key initiative the bank undertook was a targeted re-pricing of certain promotional offers. Using PriceTek’s elasticity models, Daniel and team were able to more precisely identify the appropriate rates and expected duration for customers, based on both acquisition and retention price elasticity attributes. Through a significant improvement to MMA cost of funds, and a more favorable portfolio product mix, the bank was able to reduce interest expense of the MMA portfolio by nearly 40% year over year. These analytics continue to improve efficiencies by helping the Deposit team more quickly identify the rate or product attributes that are valuable to customers at a more targeted level of granularity, and evolve the growth strategy accordingly. “PriceTek has been an invaluable resource in our ongoing efforts to optimize pricing,” reported Daniel. “Since the beginning, we’ve been able to significantly reduce our interest expense and still grow our deposits at the same time. And, as rates rise, it will be even more valuable to have that capability.”

INGRAINING PRICETEK ACROSS THE BANK, WHILE NAVIGATING THE NEW RATE LANDSCAPE, IS NEXT KEY INITIATIVE

A core advantage clients have with PriceTek is the ability to provide critical, consistent information in a timely manner across the bank. With PriceTek’s continuously expanding features and innovations, First Tennessee will give Treasury, Finance, Marketing, and other key groups the ability to pull their own reports and share views, which is increasingly essential to enabling a fast decision cycle in the coming rising rate environment. “With rates beginning to move, being able to drive deposit acquisition and retention strategy across the organization with a data driven, scientific approach, allows us to optimize our pricing while being proactive and nimble,” concluded Daniel.

ABOUT FIRST HORIZON

The 4,300 employees of First Horizon provide financial services through more than 160 First Tennessee Bank locations in and around Tennessee and 29 FTN Financial Group offices in the U.S. The company was founded during the Civil War in 1864 and has the 14th oldest national bank charter in the country. First Tennessee Bank has the number one deposit market share in Tennessee and one of the highest customer retention rates of any bank in the country. FTN Financial is a capital markets industry leader in fixed income sales, trading and strategies for institutional customers in the U.S. and abroad. First Horizon has been recognized as one of the nation’s best employers by American Banker and Working Mother magazines and the National Association for Female Executives. More information is available at www.FirstHorizon.com.

ABOUT NOVANTAS

Novantas, Inc. is the leader in customer science and revenue strategy for the financial industries, and one of the fastest growing and largest FinTech companies worldwide according to American Banker and IDC FinTech 100 listings. Novantas advisory and solution services specialize in investigating and interpreting customer needs, attitudes, and behaviors, to help banks refine pricing, distribution, marketing, customer strategies, and sales and service activities. Novantas’s PriceTek® Optimization system is installed in more banks than all other competitors combined. For more information, visit www.novantas.com.