

# ACCOUNT ANALYSIS

A GUIDE TO UNDERSTANDING YOUR STATEMENT



# WEBINAR OVERVIEW

## Agenda

- What is Account Analysis?
- The difference between interest and earnings credit
- Definitions, formulas, and examples of Account Analysis
- Statements in current environment
- Exceptions to the Account Analysis Process
- Understanding an Account Analysis Statement and Fees



# WHAT IS ACCOUNT ANALYSIS?

1. Summary of the balance and activity in your Commercial Checking account over a certain period of time (typically, monthly). Such activities include: average daily balance, overdraft balance, banking services provided and the associated fees charged for them.
2. Provides a *line item statement* showing volumes and the cost of bank services used.
3. Helps identify **account activity and usage of services**.

# WHY IS ACCOUNT ANALYSIS OFFERED?

1. Allows a business to offset fees and service charges by maintaining compensating balances.
2. Instead of an account being "hard charged" and debited for services throughout the month, a running total, called "soft charges" is maintained.
3. At the end of the month, the customer receives an earnings credit on the **average net collected balance** in the account.
4. If the earnings credit received is larger than the "soft charges", no "hard dollar" charges will be assessed. If it is less, the business may pay all or a portion of the fees incurred. It depends on the balances maintained in the account, the level of activity and the Earnings Credit Rate.

# ACCOUNT ANALYSIS FEATURES

## Interest



- “Hard” interest only; pay customer with dollars.
- Interest rates are usually lower than earnings credit rates.
- Customers pay tax on “hard” interest.

## Earnings Credit



- “Soft” earnings credit only.
- Earnings credit rates are usually higher than “hard” interest rates.
- The Reserve requirement might reduce effective rate.
- Customers do not pay tax on “soft” credit.

## Combination of Interest and Earnings Credit



- Hybrid combination of “soft” credit and “hard” interest.
- “Soft” credits offset fees.
- “Hard” interest is earned on collected balances.
- “Soft” credits are not taxable while “hard” interest is.
- Reserve requirement rate may be a factor.

# ACCOUNT ANALYSIS DEFINED

## DETAILS & FORMULAS

### BALANCES

Applied against Average Net Collected balances



### THE BIGGER THE BETTER

Typically, customers with large balances tend to pay lower bank fees.



### ACCOUNT ANALYSIS FORMULA

Service Charge = Total Charges - Earnings calculated as follows:  
SUM OF (PRICE X VOLUME) + (FDIC factor) (monthly average collected balance) + (STATEMENT) - (AVERAGE DAILY COLLECTED BALANCE X MONTHLY EARNINGS CREDIT RATE.)



# INTEREST VS. EARNINGS CREDIT



## A

What is the Earnings Credit Rate (ECR)? A daily calculation of interest that a bank pays on customer deposits. The earnings credit rate is often correlated with the U.S. Treasury bill (T-bill) rate *and is subject to change*. Federal Reserve Requirements are also subject to change.



## C

Because depositors leave balances in non-interest bearing accounts, we will apply an ECR on those balances and use that as a credit for services. For example, a corporate treasurer with a \$250,000 collected balance receiving a 1% ECR would earn \$184.93 to offset fees. ECR is credited automatically.



## B

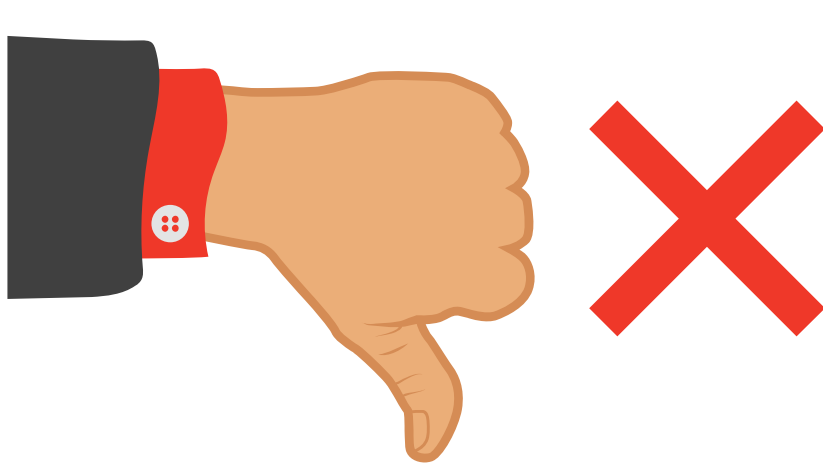
If the amount of the earnings credit is greater than the soft charge total, no fees are deducted that month.



## D

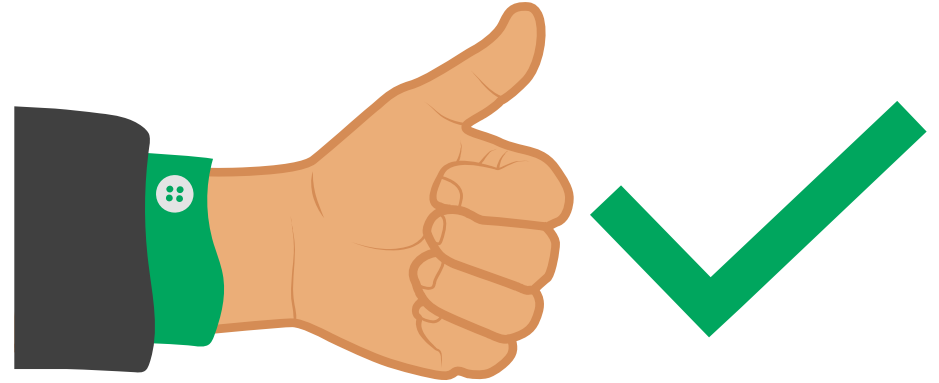
If the amount of the earnings credit is less than the soft charge total, the remaining fees will be deducted from the account balance.

# ACCOUNT ANALYSIS STATEMENTS



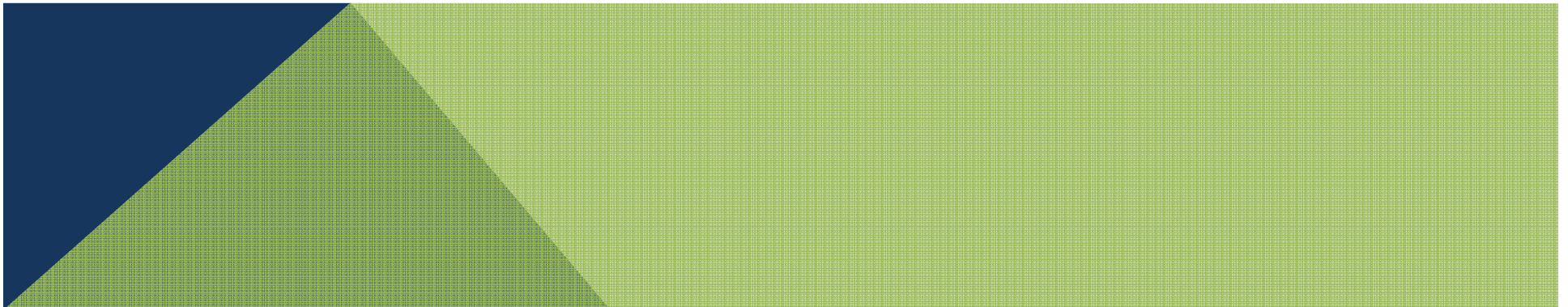
**NO STATEMENT REQUIRED**

ECR OFFSET charges



**STATEMENTS RECEIVED**

ECR did NOT offset charges





# ACCOUNT ANALYSIS: EXAMPLE 1

EXTRACO BANKS  
 PO Box 6101  
 Temple TX 76503-6101

MARCH 2019

INDIVIDUAL SUMMARY ANALYSIS

OFFICER: Tammy L Richards  
 PHONE NO: (254) 761-2150  
 BRANCH: 41

DATE PREPARED 3/30/19  
 DAYS IN STATEMENT CYCLE 31  
 Commercial Analysis

AVERAGE DAILY LEDGER BALANCE	1,968.76			
LESS AVERAGE DAILY FLOAT	195.55			
AVERAGE DAILY COLLECTED BALANCE	1,773.21			
LESS REQUIRED RESERVES 10.000%	177.32			
AVERAGE NET COLLECTED BALANCE	1,595.89			
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EARNINGS ON	\$1,595.89			
	AT 1.950000%	2.64		
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SERVICE	ACTIVITY	UNIT PRICE	ACTIVITY CHARGE	REQUIRED BALANCES
Maintenance Fee	1	10.0000	10.00	6,038.05
Bank Deposit Insurance Fee			.20	120.76
Regular Debits	9	.1500	1.35	815.14
Regular Credits	29	.3000	8.70	5,253.10
Transit Items - Local	45	.0600	2.70	1,630.27
Coin Rolls	111	.0800	8.88	5,361.79
Bill Straps	4	.3500	1.40	845.33
Cash IN & OUT	68	1.0000	68.00	41,058.73
Paper Statement Fee	1	3.0000	3.00	1,811.41
TOTAL SERVICES AND REQUIRED BALANCES			104.23	62,934.58
CURRENT MONTH NET LOSS			101.59-	61,340.52
CHARGES WAIVED			101.59-	

# ACCOUNT ANALYSIS: EXAMPLE 2

EXTRACO BANKS		JUNE 2019		1	
PO Box 6101					
Temple TX 76503-6101					
INDIVIDUAL SUMMARY ANALYSIS					
OFFICER: Stan Giles		DATE PREPARED 6/29/19			
PHONE NO: (254) 774-5842		DAYS IN STATEMENT CYCLE 30			
BRANCH: 41		Commercial Analysis			
AVERAGE DAILY LEDGER BALANCE		288,882.71			
LESS AVERAGE DAILY FLOAT		14,539.69			
AVERAGE DAILY COLLECTED BALANCE		274,343.02			
LESS REQUIRED RESERVES 10.000%		27,434.30			
AVERAGE NET COLLECTED BALANCE		246,908.72			
EARNINGS ON		\$246,908.72		395.73	
		AT 1.950000%			
SERVICE	ACTIVITY	UNIT PRICE	ACTIVITY CHARGE	REQUIRED BALANCES	
Maintenance Fee	1	10.0000	10.00	6,239.32	
Bank Deposit Insurance Fee			24.65	15,379.91	
Regular Debits	92	.1500	13.80	8,610.26	
Regular Credits	47	.3000	14.10	8,797.44	
Transit Items - Local	480	.0600	28.80	17,969.23	
Bill Straps	76	.3500	26.60	16,596.58	
Cash IN & OUT	382	1.0000	382.00	238,341.88	
ACH Debits	14	.1500	2.10	1,310.26	
E-Capture	1	60.0000	60.00	37,435.90	
E-Capture Additional Location	1	30.0000	30.00	18,717.95	
TOTAL SERVICES AND REQUIRED BALANCES			592.05	369,398.73	
CURRENT MONTH NET LOSS			196.32-	122,490.25	
YOUR ACCOUNT WILL BE CHARGED			196.32-		

# ACCOUNT ANALYSIS: EXAMPLE 3 – GROUP ANALYSIS

EXTRACO BANKS PO Box 6101 Temple TX 76503-6101		APRIL 2019		
		GROUP SUMMARY ANALYSIS		
OFFICER: Stan Giles PHONE NO: (254) 774-5842 BRANCH: 41		DATE PREPARED 5/01/19 DAYS IN STATEMENT CYCLE 30 Commercial Analysis		
AVERAGE DAILY LEDGER BALANCE 4,242,346.84 LESS AVERAGE DAILY FLOAT 3,918.27 AVERAGE DAILY COLLECTED BALANCE 4,238,428.57 LESS REQUIRED RESERVES 423,842.82 AVERAGE NET COLLECTED BALANCE 3,814,585.75				
EARNINGS ON		\$3,814,585.75		6,113.77
SERVICE	ACTIVITY	UNIT PRICE	ACTIVITY CHARGE	REQUIRED BALANCES
Maintenance Fee	7	10.0000	70.00	43,675.21
Bank Deposit Insurance Fee			144.49	90,151.88
Regular Debits	841	.1500	126.15	78,708.97
Regular Credits	935	.3000	280.50	175,012.82
Transit Items - Local	421	.0600	25.26	15,760.51
Stop Payments	1	35.0000	35.00	21,837.61
Interest Paid			114.66	71,540.00
Cash IN & OUT	110	1.0000	110.00	68,632.48
ACH Debits	62	.1500	9.30	5,802.56
ACH Credits	17	.1500	2.55	1,591.03
ACH Fees			1,731.90	1,080,587.18
Charge Back Fee	3	10.0000	30.00	18,717.95
E-Capture	1	60.0000	60.00	37,435.90
E-Capture Additional Location	1	750.0000	750.00	467,948.72
Positive Pay	1	25.0000	25.00	15,598.29
TOTAL SERVICES AND REQUIRED BALANCES			3,514.81	2,193,001.11
CURRENT MONTH NET EXCESS			2,598.96	
CURRENT NET PROFIT			2,598.96	
ACCOUNTS INCLUDED:				

# ACCOUNT ANALYSIS: EXAMPLE 4 – WHEN NO ECR IS EARNED

EXTRACO BANKS PO Box 6101 Temple TX 76503-6101		SEPTEMBER 2019		
INDIVIDUAL SUMMARY ANALYSIS				
OFFICER: Samuel D. Brown PHONE NO: (254) 761-2000 BRANCH: 6		DATE PREPARED 10/01/19 DAYS IN STATEMENT CYCLE 30 Commercial Analysis		
AVERAGE DAILY LEDGER BALANCE		47,712.98		
LESS AVERAGE DAILY FLOAT		68,786.74		
AVERAGE DAILY COLLECTED BALANCE		21,073.76-		
LESS REQUIRED RESERVES 10.000%		.00		
AVERAGE NET COLLECTED BALANCE		21,073.76-		
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NEGATIVE BALANCE SERVICE CHARGE ON		\$21,073.76-		
17.000000%		294.45-		
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SERVICE	ACTIVITY	UNIT PRICE	ACTIVITY CHARGE	REQUIRED BALANCES
Maintenance Fee	1	10.0000	10.00	7,156.86
Bank Deposit Insurance Fee			4.70	3,363.73
Regular Debits	38	.1500	5.70	4,079.41
Regular Credits	67	.3000	20.10	14,385.29
Transit Items - Local	2965	.0600	177.90	127,320.59
Coin Rolls	165	.0800	13.20	9,447.06
Bill Straps	150	.3500	52.50	37,573.53
Cash IN & OUT	1500	1.0000	1,500.00	1,073,529.41
ACH Debits	67	.1500	10.05	7,192.65
ACH Credits	73	.1500	10.95	7,836.76
Charge Back Fee	27	10.0000	270.00	193,235.29
Paper Statement Fee	1	3.0000	3.00	2,147.06
TOTAL SERVICES AND REQUIRED BALANCES			2,078.10	1,487,267.64
CURRENT MONTH NET LOSS			2,372.55-	1,698,001.47
YOUR ACCOUNT WILL BE CHARGED			2,372.55-	

# UNDERSTANDING OUR GENERAL FEE SCHEDULE



**PLEASE NOTE:  
FEES AND ECR  
ARE SUBJECT  
TO CHANGE**

## COMMERCIAL CHECKING FEE SCHEDULE

- \$100.00 Minimum to Open with Unlimited Check Writing Privileges
- Commercial checking accounts are subject to the following Account Analysis Charges:

<b>Account Fees</b>	ACH Credits	\$0.15
	ACH Debits	\$0.15
	ACH File Transmission	\$15.00 per file
	FDIC Insurance Based on Cost to Bank	\$0.0012
	Balance Inquiry	\$1.00
	Checks Paid	\$0.15
	Deposited Items	\$0.06
	Deposits	\$0.30
	Incoming/Outgoing Collections	\$10.00
	International Checks Deposited – Adjustments	\$4.00
	Monthly Maintenance Fee	\$10.00
	Regular Credits	\$0.30
	Regular Debits	\$0.15
	Research	<ul style="list-style-type: none"> <li>• Research: \$25.00 per hour, 1 hour minimum</li> <li>• Research Copies: \$2.00 per page</li> </ul>
	Reserve Requirement	10%
Stop Payments	\$35.00	
Transit Items	\$0.06	
Wire Transfers (for Extraco Customers only)	<ul style="list-style-type: none"> <li>• Incoming: No Fee</li> <li>• Outgoing Domestic: \$20.00 per Wire</li> <li>• Outgoing International: \$50.00 per Wire</li> </ul>	
<b>Bank Statement Fees</b>	Returned Undeliverable	\$5.00 per Statement for 2 statement cycles; \$5.00 per month after first 2 statement cycles
	Special Handling / Hold	\$5.00 per Statement
	Special Cut-Off	\$5.00 per Statement Cycle
	Statements Archived to Device	\$25.00 Minimum; quote available upon request
<b>Cash &amp; Coin Fees</b>	Coin/Currency Service (In/Out) – Excess/Notice Required	<ul style="list-style-type: none"> <li>• Bill Straps: \$0.35 ea.</li> <li>• Box – Straps/Coin Rolls supplies: \$10.00</li> <li>• Cash Deposit/Change Orders (per \$1,000): \$1.00</li> <li>• Coin Rolls: \$0.08 ea.</li> </ul>
<b>Check Fees</b>	Cashier's Checks (customers only)	\$5.00

# THANK YOU!



**Brittani Springer**

Vice President  
Commercial Treasury  
Management Consultant

**Bell County**  
**Williamson County**



**Stan Giles**

Vice President  
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**McLennan County**  
**Brazos County**

