Growing Revenue for Community Banks

September 2026

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PROFIT RESOURCES
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IOWA BANKERS
ASSOCIATION

What We Do

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Strengthen Profitability

PRI strengthens financial institutions by improving profitability through revenue growth and cost control, with a focus on streamlining processes and effective use of technology.

The PRI Way

PRI's objective is to help banks better serve their customers and their employees, while increasing shareholder value.

Beyond Strategic Guidance

We deliver specific recommendations, provide hands-on assistance, and partner with our clients to achieve their goals.

"I've watched these workout videos for hours. They haven't helped."

Components to Consider

Actively manage your program

Fraud is a necessary evil

Your PIN network matters

Evaluate your Surcharge-free ATM Program

Interchange is complex and changeable

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Why Debit Cards are Important

- Debit cards are the primary channel for consumers to access their funds
- Interchange revenue from your debit card program is the #1 deposit-based source of NII

Non-interest income	
Service charges and fees	9,830
Debit card income	10,246
Mortgage banking	861
Increase in value of bank-owned life insurance	4,966
Net gain on acquisition and branch sales	2,131
Net gain (loss) from securities transactions	220
Other	10,568
Total non-interest income	38,822

Source: PRI client data

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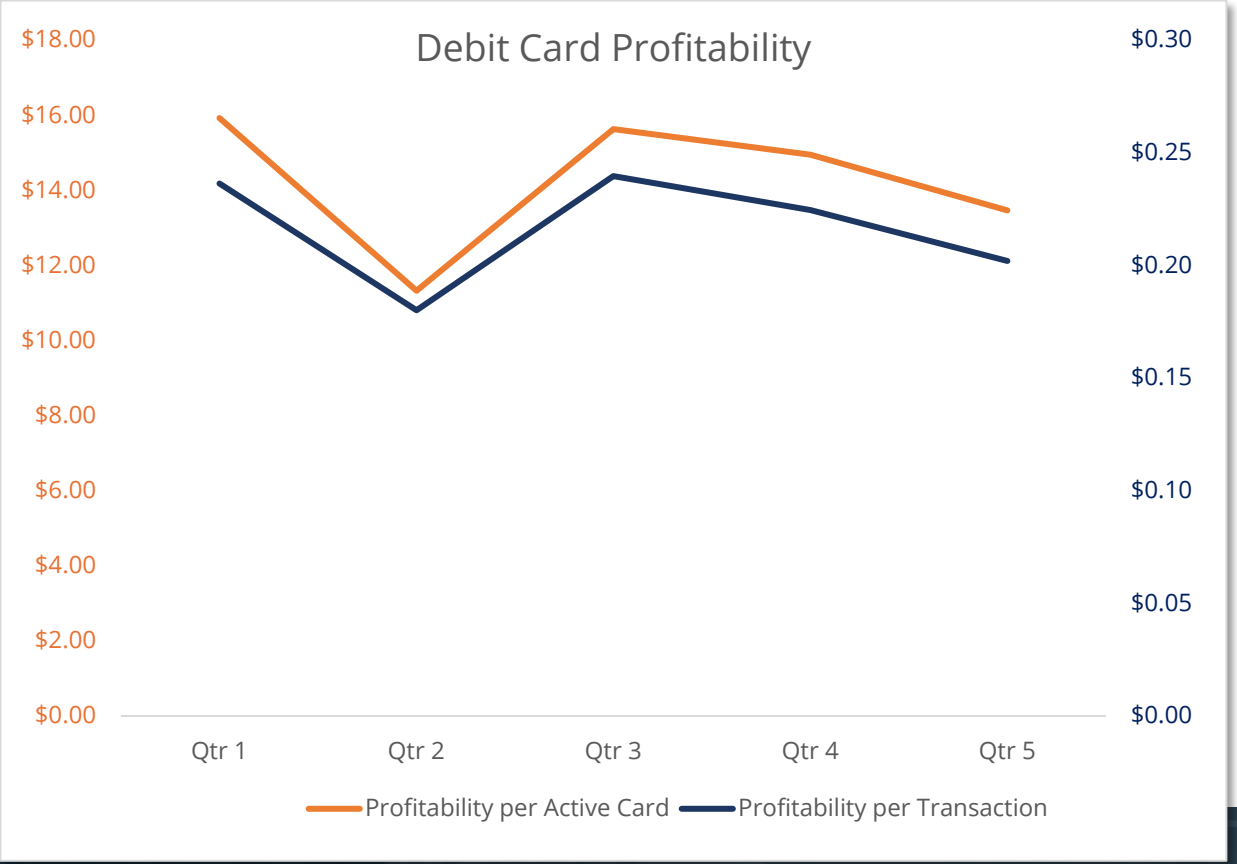
Components of Debit Card Profitability

- Interchange revenue and your network stack
- Network fees
- Processor fees
- Fraud losses
- PAU – Penetration, Activation and Usage



Source: PRI client data

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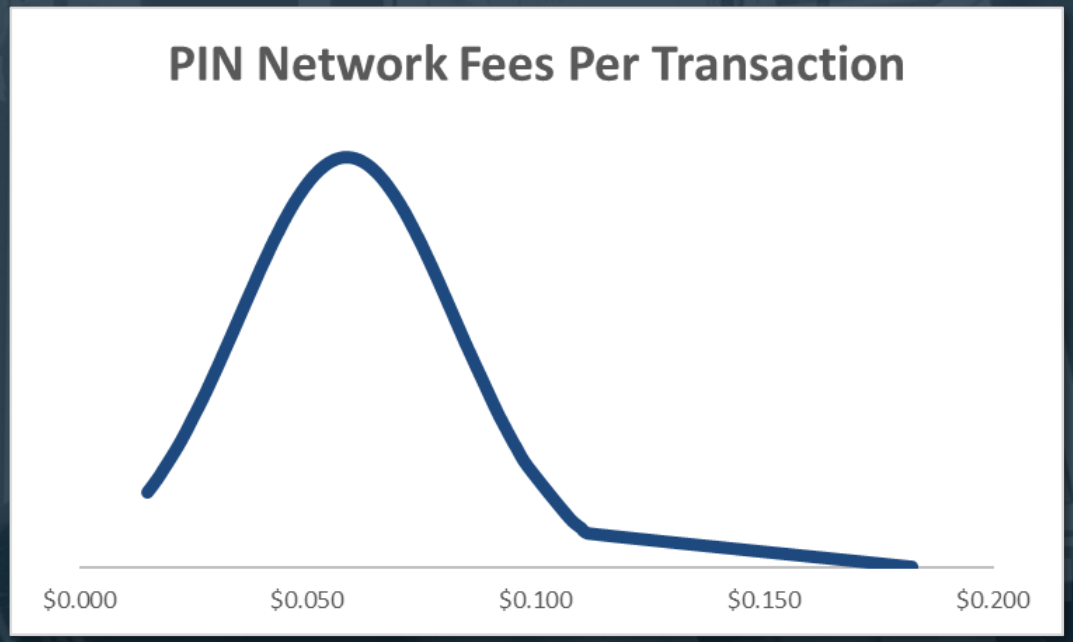
Optimizing your Brand Relationship

- Brand Incentives
- $1B AUM: $600K
- $22B AUM: $42M
- There are times when it makes sense to change brands
- Understand the Financial Components
- Principal Membership

Network Expenses



Source: PRI client data

- Not all networks are created equal
- Your processor may not be the only answer
- There are wide ranges of expense structures and multiple places to hide those expenses
- You may have more network flexibility than you think, BUT state-specific requirements matter

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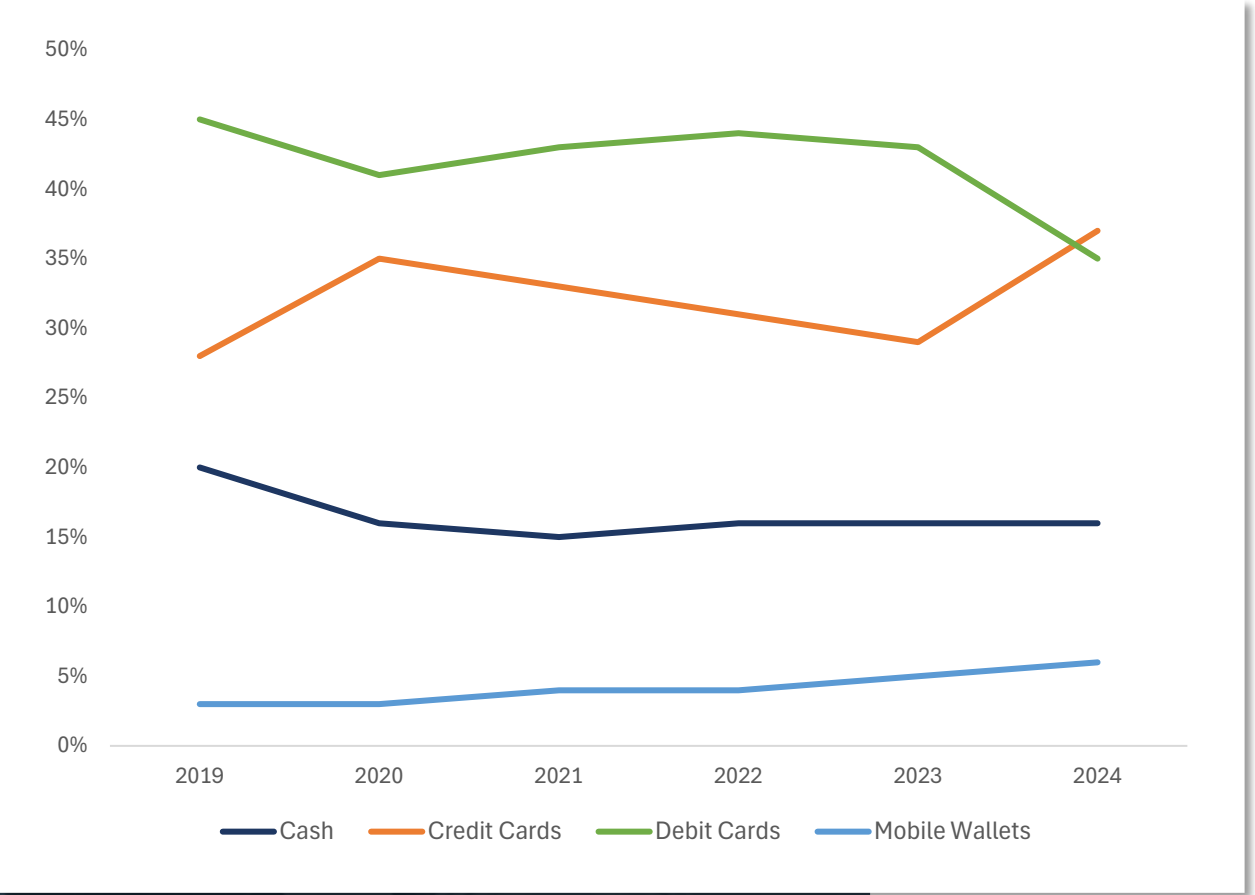
PIN Network Evaluation: Iowa is “Special”

- Iowa’s Unique Routing Requirement
- Still Need to Understand:
  - What You’re Paying For
    - Processor – Network – CRU/Routing – Other Fees
  - What Your Processor Actually Does
    - Authorization – Routing – Settlement – Network Connectivity
  - What Iowa Requires
    - Architecture Must Support Required Connection to the Approved CRU

Source: Iowa Code Ch. 527; Iowa Division of Banking, “Compliance with Iowa Code Chapter 527.

Cash isn't Winning



- The pandemic had a profound impact on consumers' preference for cash
- The proliferation of off-premise ATMs has made consumers less focused on surcharges
- Some surcharge-free ATM networks have onerous pricing structures

Source: Valera Eye on Payments 2023/2024

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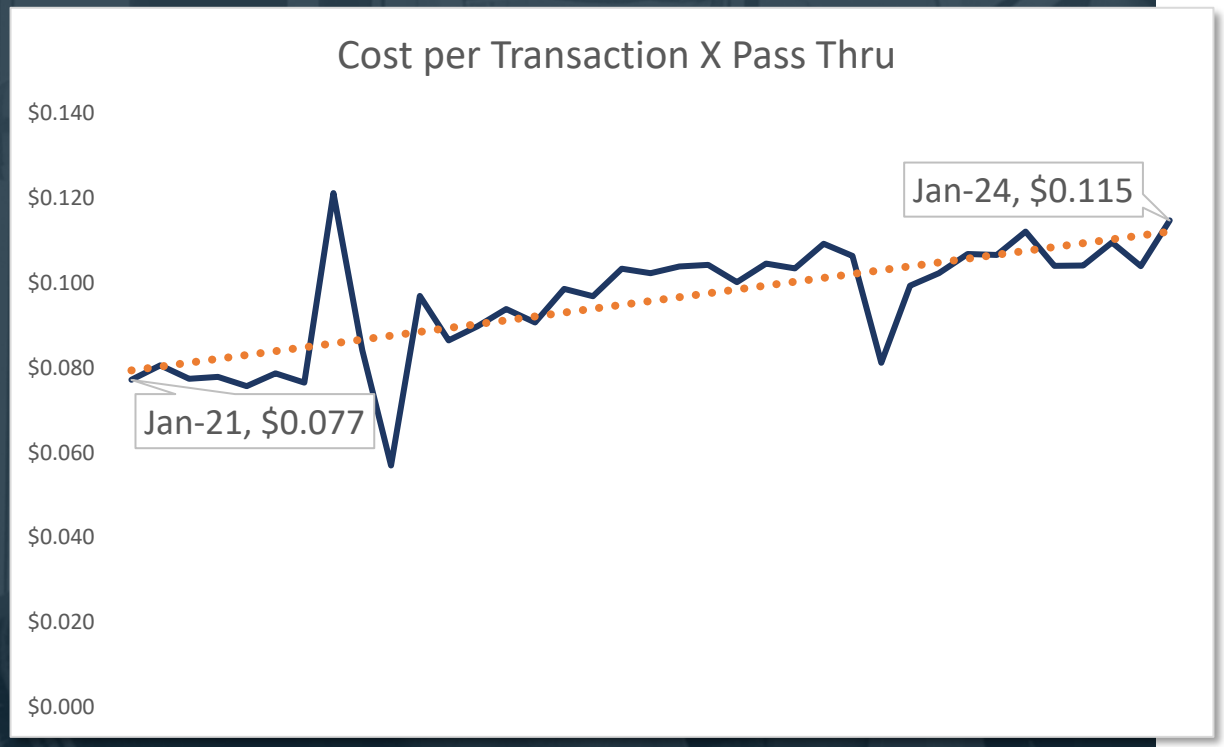
Processor Expenses



- Monitor expenses per transaction
- Review your invoices for errors
- Negotiate

For a $400M AUM bank, increase in expenses was $80K annually

Source: PRI client data

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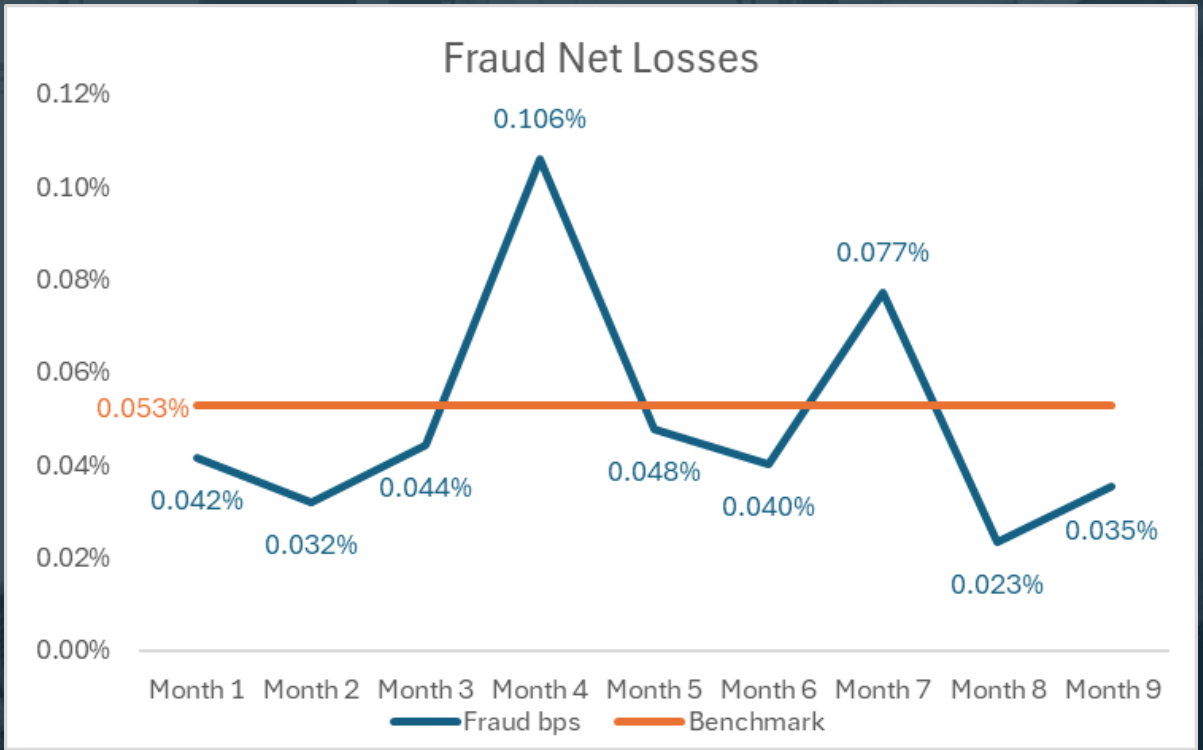
Fraud is a necessary evil



- Don’t try to eliminate all fraud
- Friendly fraud isn’t fraud – it’s relationship management
- Evaluate your fraud rules every month
- Declines = friction = attrition

Source: PRI client data

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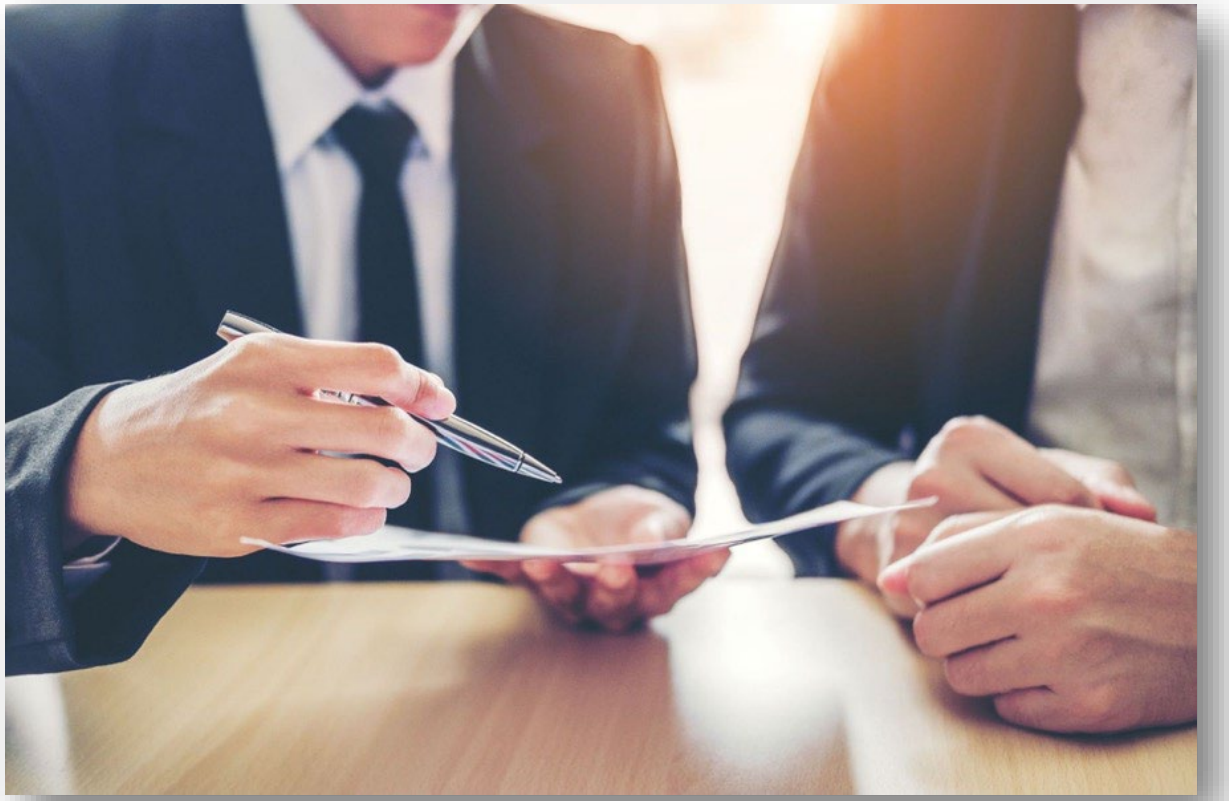
Helpful Benchmarks

- Fraud Loss Rate
- Transaction Approval Rate
- Customer Complaints
- Transaction Counts Per Active



Improve Portfolio Performance

- **Increase P.A.U.**
  - Penetration, Active Rate, Usage
- **Top of wallet**
  - Early Adoption; set buyer behavior
  - Declines are a killer
  - Contactless
- **Culture:** Training & Incentives
- **Marketing**

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Debit Rewards

- The big banks can’t afford to do it
- Are you rewarding people for behaviors they are already doing?
- Third-party programs don’t necessarily deliver results
- Examples:
  - Cash is king

Pulling it all Together

- Create a debit card P&L
- Hold someone accountable
- Track it per transaction or active card

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5
REVENUE					
NYCE POS Interchange	$71.9	$64.4	$66.0	$62.6	$67.5
Maestro POS Interchange	$32.4	$26.7	$36.6	$37.1	$32.9
Mastercard POS Interchange	$361.9	$332.6	$357.3	$360.0	$353.7
Total POS Interchange	$466.1	$423.7	$459.9	$459.6	$454.1
ATM Acquiring Interchange	$9.4	$8.4	$9.5	$9.2	$9.0
ATM Surcharge Revenue	$68.0	$61.1	$69.0	$66.0	$64.9
TOTAL REVENUE	**$543.5**	**$493.2**	**$538.4**	**$534.9**	**$528.0**
EXPENSE					
ATM Issuing Interchange	($7.4)	($7.2)	($7.8)	($8.0)	($8.1)
NYCE POS Network Fees	($10.1)	($10.1)	($10.6)	($10.5)	($11.2)
NYCE ATM Network Fees	($0.7)	($0.7)	($0.6)	($0.6)	($0.7)
Maestro POS Network Fees	($4.6)	($4.2)	($4.7)	($4.8)	($4.8)
Cirrus ATM Network Fees	($1.1)	($0.7)	($0.8)	($0.8)	($0.8)
Mastercard Network Fees	($85.0)	($78.2)	($79.6)	($81.6)	($83.8)
Mastercard Assessments	($21.8)	($22.0)	($20.9)	($22.1)	($22.1)
Mastercard Sign-on Amortized	$7.5	$7.5	$7.5	$7.5	$7.5
Mastercard Volume Support	$18.8	$17.8	$18.8	$18.9	$19.0
Mastercard Member Support	$8.8	$8.8	$8.8	$8.8	$8.8
Mastercard Cirrus/Maestro Fee Rebates	$2.3	$1.3	$0.9	$1.4	$1.3
Visa Network Fees	($0.0)	($0.0)	($0.0)	($0.0)	($0.0)
EFT Processor Fees (X Pass-Thru)	($118.3)	($113.0)	($95.0)	($113.9)	($126.1)
Card Production Fees	($8.7)	($8.1)	($6.1)	($10.1)	($11.3)
ATM Servicing Fees	($37.9)	($56.9)	($56.9)	($56.9)	($56.6)
ATM Depreciation	($22.1)	($22.1)	($22.1)	($22.1)	($22.1)
Net Fraud Losses	($22.7)	($34.2)	($25.5)	($11.9)	($12.5)
TOTAL EXPENSES	**($303.1)**	**($322.1)**	**($294.8)**	**($306.7)**	**($323.5)**
DEBIT CARD/ATM PROFITABILITY	**$240.4**	**$171.1**	**$243.6**	**$228.2**	**$204.5**
Profitability per Active Card	$15.93	$11.33	$15.64	$14.95	$13.40
Profitability per Transaction	$0.24	$0.18	$0.24	$0.22	$0.20

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Session Key Takeaways

- Pay attention to your debit card program
- Brand Agreement
- Pin Network Evaluation*
- Understand and track your profitability
- Your processor isn't always right
- Consumers and their habits have changed

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Check out
additional resources

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