

GUIDE

Lowering cost of funds in a high-rate environment

Strategic insights for banks and credit unions

As financial institutions navigate persistently high interest rates, managing the cost of funds has become paramount. With the Federal Reserve signaling fewer rate cuts in 2025 than initially anticipated, banks and credit unions must proactively adapt to preserve margins while meeting customer expectations. In this white paper, we explore strategies to lower the cost of funds and showcase how high-performing deposit account opening software like MANTL Deposit Origination empowers financial institutions to succeed in this landscape.

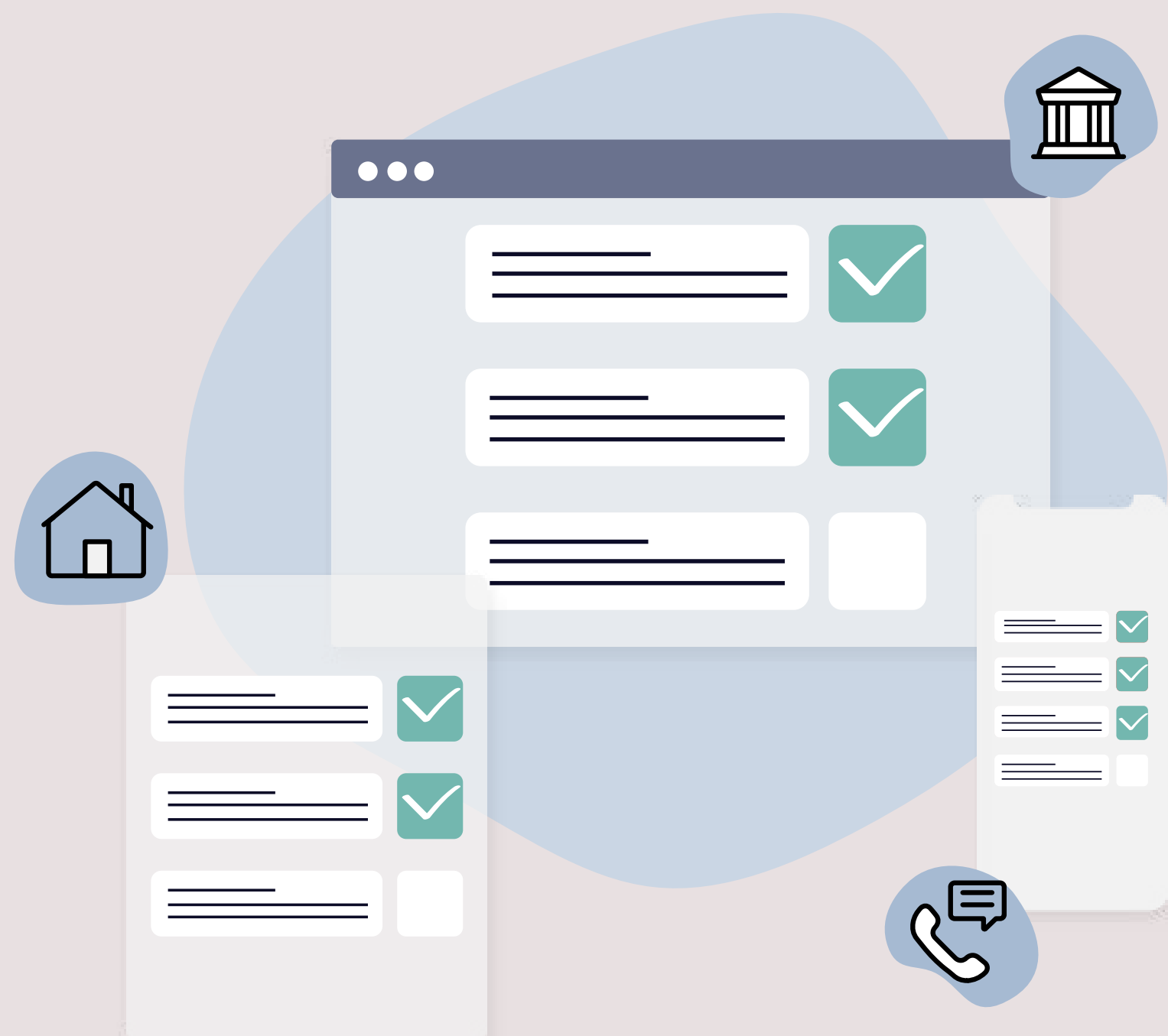
The high-rate environment and its implications

Recent Federal Reserve communications indicate that rate cuts in 2025 may be fewer and more measured than previously expected. While economic conditions could prompt some easing, many analysts predict a cautious approach, with rates remaining elevated compared to pre-2022 levels. This environment dampens business borrowing and consumer spending, affecting deposit growth and increasing competition for liquidity.

The sustained high-rate environment has critical implications for financial institutions. For one, reduced borrowing dampens growth opportunities, while also increasing liquidity challenges as deposits naturally dwindle. To counter that, banks and credit unions must navigate the delicate balance between offering competitive deposit rates to attract customers and maintaining profitability.

Meanwhile, consumers and businesses are rethinking their financial strategies—prioritizing savings and cautious borrowing—which shifts the traditional dynamics of deposit gathering and lending. Elevated rates incentivize keeping funds in savings accounts, or certificates of deposit (CDs), provided institutions can offer attractive products. The dual effect of suppressed borrowing demand and heightened deposit competition requires a nimble, innovative approach to liquidity management.





Rethinking deposit gathering: A strategic imperative

To thrive in this high-rate environment, financial institutions must deploy innovative strategies to attract and retain deposits. Traditional approaches alone are insufficient. Instead, institutions should leverage technology, customer insights, and targeted marketing to optimize deposit acquisition and cost efficiency. Below are actionable strategies that banks and credit unions can employ to secure deposits without overextending on interest rates.

1. Diversifying deposit products

While competitive rates remain essential, product diversification enables institutions to appeal to various customer segments. For example, offering tiered savings accounts or short-term CDs can attract customers looking for flexibility, while high-yield accounts target rate-sensitive individuals. Additionally, relationship-based incentives—such as preferential rates for existing customers—encourage loyalty and deepen engagement.

2. Leveraging high-performing account opening technology

In today's rapidly evolving financial landscape, the ability to efficiently and effectively onboard new customers is paramount for banks and credit unions aiming to maintain a competitive edge. MANTL's high-performing account opening technology offers a comprehensive solution to streamline this process, enhance customer experience, and drive deposit growth.

Rethinking deposit gathering: A strategic imperative (cont.)

3. Improving application pull-through to lower acquisition costs

Efficient deposit account opening is critical to reducing the acquisition cost for new deposits. Although many institutions have attractive rates and product offerings, without a seamless account opening experience, 9 out of 10 applications will ultimately open their accounts elsewhere because the process of opening the account is too painful. MANTL's software enhances the application process, enabling institutions to achieve up to a 4x improvement in application pull-through rates. By simplifying the digital account opening journey, financial institutions can minimize drop-offs and maximize return on marketing spend.



Case Study Spotlight: Veritex Community Bank

As a \$10B bank with no previous online account opening experience, [Veritex Community Bank](#) combined the MANTL platform with strategic digital marketing provided by an agency partner to acquire over \$130 million in high-yield savings accounts from residents in Dallas and Houston, TX, within three months at a cost-per-acquisition (CPA) as low as \$250 in key markets. By integrating real-time data and optimizing the user experience, Veritex reduced marketing costs and maximized deposit growth, underscoring the value of efficient technology in driving profitability. They have been able to strategically lower the rate on those new accounts over time with no customer attrition while also cross-selling to improve the overall lifetime value of the newly acquired accounts.

4. Maximizing cross-sell opportunities for cost-effective deposit growth

Deepening relationships with existing customers offers a cost-effective avenue for deposit growth. MANTL empowers financial institutions to facilitate additional account openings in under one minute, streamlining the process and boosting cross-sell success.

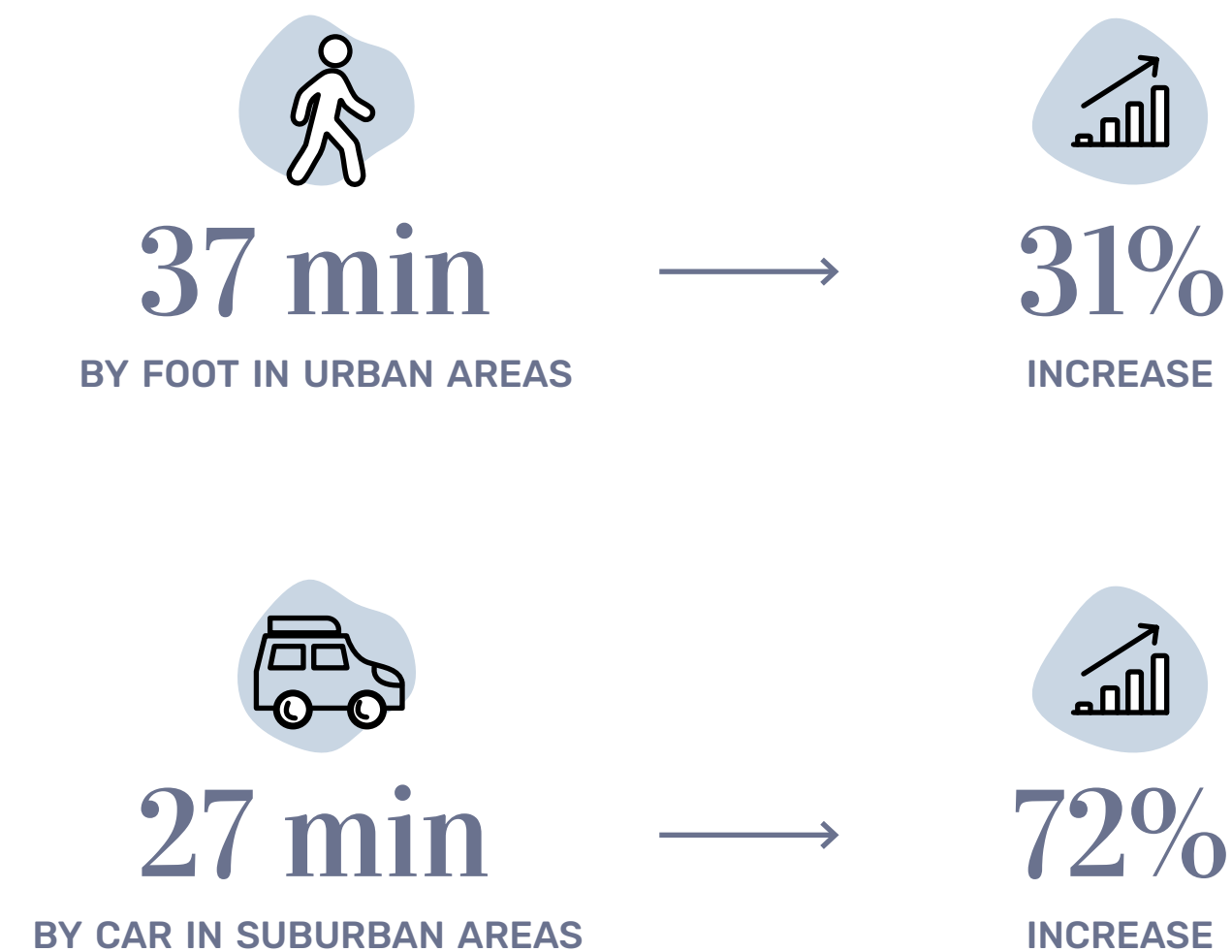


Case Study Spotlight: First PREMIER Bank

[First PREMIER](#) leveraged MANTL Deposit Origination to increase new deposit accounts by 30% digitally and capture higher initial funding. Existing customers could seamlessly open new accounts, contributing to a greater share of wallet. 63% of checking accounts and 94% of savings accounts were opened by existing customers who were deepening their relationship with the bank.

Research: Branch gravity fields expand with online banking

WHEN OFFERED BEST-IN-CLASS BANKING SERVICES, CONSUMERS ARE WILLING TO TRAVEL:



Source: [Simon-Kucher & Partners](#)

Building scalable deposit channels

Institutions heavily reliant on wholesale funding can use the MANTL platform to build scalable online deposit-gathering channels. By offering competitive yet sustainable rates, banks and credit unions can attract deposits online at a lower cost than wholesale options while also gaining the benefit of owning the relationship with the depositor. Once deposit goals are met, rate offerings can be dialed down, providing flexibility and cost control.

Digital deposit channels offer additional advantages beyond cost savings. They enable financial institutions to:



Reach broader demographics: Younger, digitally-savvy customers often prefer online banking, making robust digital channels critical for attracting this audience.



Increase operational efficiency: Automated account origination reduces manual workloads, enabling institutions to process high deposit volumes without straining resources.



Enhance scalability: Unlike physical branches, digital channels can accommodate growth with minimal incremental costs, delivering long-term value.



Expanding branch service radius: MANTL enables institutions to extend their reach beyond physical branch footprints. Customers who encounter local advertising or brand awareness campaigns can initiate relationships digitally, making branches more effective and expanding marketing impact without the need for costly new branch investments.

Actionable strategies for lowering cost of funds

Optimize digital marketing acquisition

Effective marketing is essential for attracting high-quality leads. MANTL provides out-of-the-box real-time data insights that financial institutions can leverage to refine campaigns, reduce CPAs, and target profitable customer segments. Veritex's success in optimizing digital marketing underscores the potential for measurable ROI improvements.

Marketing efforts should focus on:



Personalized campaigns: Tailor messaging to specific customer needs and demographics.



Omnichannel outreach: Use a mix of digital, social, and traditional media to maximize reach.



Real-time optimization: Leverage analytics to continuously refine strategies and improve outcomes.





Actionable strategies for lowering cost of funds (cont.)

Enhance customer retention

Banks and credit unions face the challenge of mitigating customer attrition driven by the allure of higher interest rates offered elsewhere, particularly on savings accounts and CDs. Offering competitive rates that are periodically reviewed and adjusted to remain attractive can help retain customers, particularly among cohorts that are known to be rate sensitive. This is where having access to your data is key in uncovering who those at-risk customers are, based on historic attrition. Implementing loyalty programs or rewards for long-term customers can further incentivize staying with the institution. Additionally, leveraging digital channels for seamless banking experiences and personalized communication can strengthen customer relationships. Ultimately, by focusing on customer satisfaction, trust, and competitive offerings, banks and credit unions can effectively mitigate attrition driven by interest rate fluctuations.

Make cross-selling easier for your staff

A seamless account opening experience fosters trust and encourages existing customers to deepen their relationships. We come across many institutions whose staff don't push deposit accounts onto new borrowers because the experience is too cumbersome. MANTL offers streamlined digital solutions that enable existing customers to complete account setups in as little as forty-five seconds by pre-filling their information from the core. Building a frictionless cross-sell experience across all service channels allows you to automate low-cost marketing channels like email and SMS in a targeted fashion while also empowering branch staff to make the most of in-person interactions.

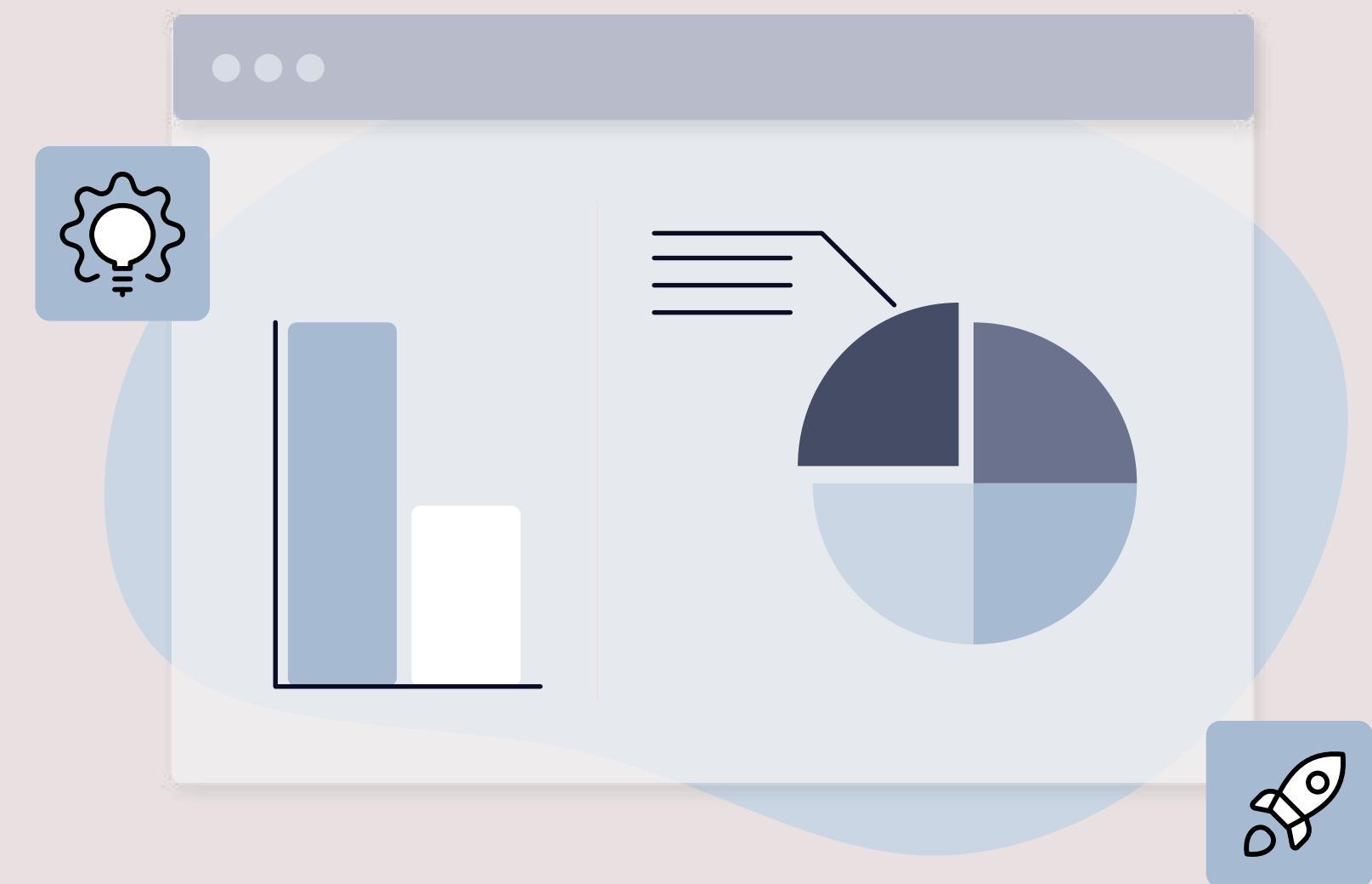
Actionable strategies for lowering cost of funds (cont.)

Embrace automation and analytics

Automation reduces manual workloads and improves efficiency in account processing, while analytics provide actionable insights to refine strategies. By integrating these capabilities, financial institutions can maintain agility in dynamic market conditions. They can also scale deposit gathering without the need to hire more personnel. MANTL clients are saving upwards of three hundred hours per month on account opening, allowing their teams to do more with less.

Promote direct deposit switching

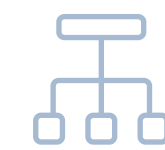
Encouraging direct deposit switching helps institutions secure stable, low-cost funding. The MANTL platform simplifies this process, enabling customers to allocate their primary financial activities to the institution, further deepening engagement from the very beginning.





Expanding partnerships and ecosystem integration

As technology evolves, financial institutions must consider the broader ecosystem of tools and partnerships available. By integrating MANTL with complementary platforms, institutions can:



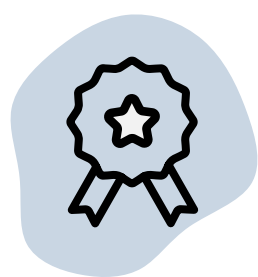
Enhance operational workflows: Seamlessly connect deposit origination with core banking systems.



Unlock advanced analytics: Combine data streams for a comprehensive view of performance.



Strengthen customer relationships: Offer unified, frictionless experiences across channels.



Conclusion: A roadmap for success

In a high-rate environment, managing your cost of funds poses a formidable challenge. However, with the right strategies and technology, banks and credit unions can navigate these conditions effectively. MANTL Deposit Origination delivers measurable benefits—from improved application pull-through rates to enhanced cross-sell opportunities and scalable online deposit channels.

By adopting innovative solutions like MANTL and embracing a forward-thinking approach to deposit gathering, financial institutions can lower their cost of funds, achieve sustainable growth, and better serve their communities.

To learn more about how MANTL can help your institution optimize deposit gathering and reduce the cost of funds, visit mantl.com or contact us at sales@mantl.com.

About MANTL

MANTL is a financial technology firm offering the industry's first Relationship Banking Platform. MANTL's unified account origination technology empowers banks and credit unions to seamlessly open loan and deposit accounts on any banking channel in real time. MANTL Deposit Origination is among the fastest and most performant solutions on the market; consumers can open a new deposit account in under three minutes, businesses can open a new deposit account in under 10 minutes, and MANTL customers raise billions in core deposits each month. MANTL Loan Origination simplifies each step in the loan process, automating up to 100% of loan application decisions to ensure a smooth, high-quality experience from personal loans to business financing. Founded in 2016, MANTL is a privately held company headquartered in New Jersey with the backing of prominent venture capital investors. For more information, visit mantl.com or follow MANTL on [LinkedIn](#).