

Don't Miss the Latest Episode of *CSI: Banking*: 'Finding Hidden Revenue'



Did you catch this compelling episode of *CSI: Banking*? It's the one where the stars of "CSI: Banking" do what you can't: solve the case by delivering over \$1 million in unrealized earnings per \$1 billion in assets.

Forensic Analysis

The banker was expecting his core system to do for the institution what it should be doing. However, there was a lot more revenue needed to meet goals. He knew something was missing, but didn't know what our how to find it. Could it be something small *or large* was missed during a conversion or merger? What if, in his core system, one or two of products were either set up incorrectly or set up in such a way that they weren't performing as expected?

The star of *CSI: Banking*, Lodestone Banking's Shahin Clark, led the bank-scene investigation, as she's done for 18 years, and uncovered the unrealized earnings.

There was over a million dollars beyond what our banker had already found. He realized, more than ever, that the bank didn't have the ability or time to perform a forensic analysis of its core system to find and correct

less profitable or incorrect system settings, and thanked Heaven for the stars of *CSI: Banking*.

The Making of *CSI: Banking*

To see how this can happen, let's go behind the scenes. Your bank's income from the products and services used by your customers are dependent upon your core system. It's where your product pricing is established and where your automatic calculations are

performed. It triggers customers to be charged the associated product pricing. It reports your income and expenses. And, finally, you depend on it to track the bank's performance and to provide you with information to make daily management decisions.

It is not unusual for bankers to find that they are adrift in an ocean of information; consequently finding a specific bit of information becomes a formidable challenge. A recent analysis of all advanced earnings methodology (AEMSM) projects completed over the past 16 years has found that on average 51 percent of the missed income opportunities experienced by our clients are a result of the core banking system's *incorrect* or *unprofitable* settings. Also known as "parameters" or "system specifications," these settings vary by system and govern all manner of how bank processes function.

\$1.45 Million Found

A few years ago Lodestone found \$1.45 million in lost annual non-interest income that was hidden deep in our client's core banking system. This institution was looking for ways to increase its annual earnings and had utilized the consulting services

of 15 other firms prior to retaining Lodestone and, as you would expect, all the low hanging-fruit had already been found. Lodestone had to go deep into the core system and discovered that an entire group of customers were NOT being assessed their ACH fee! This opportunity had been missed because on the surface everything looked to be accurately set up for this particular profit-driver. And this is why this profit-driver was missed; the bank had the fee properly disclosed, it was priced competitively and the general ledger was set up to report the ACH income to the bank. However, Lodestone's heuristics pointed out that the GL income numbers were low for the bank's asset size, so we developed a query to analyze how the bank was processing all ACH transactions and discovered that an *entire universe of customers* were not included in the daily ACH fee capture.

For this client it was as simple as changing the specific parameter settings on their core system for the identified customers and the next day the bank began collecting their missing \$1.45 million. This is not an isolated situation! Every AEMSM discovers 15 to 25 income opportunities and approximately 51 percent of these are system-related.

These are challenging times for banks ... and TV shows. The audiences are fragmenting, the internet is taking away depositors and viewers and you need to make every episode your best to ensure success. The *CSI: Banking* stars of Lodestone Banking guarantee results based on their average return for banks over the past 18 years. Now that's must-see TV – and successful forensic analysis! ■

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