



MarketBank

Market Potential - Financial Services Usage Estimates

About MarketBank

MarketBank™ market potential data, added to your MCIF and/or customer database, can help you determine who has the potential to do more business with you, and what kinds of business, and who doesn't.

MarketBank™ databases contain an estimate of financial services usage by product at the block group level of geography. Potential is estimated based on the demographic and socioeconomic characteristics of households residing in an area as defined by ESRI Business Information Solutions, and upon various surveys of consumer financial behavior commissioned by U.S. Federal Reserve Board and the FDIC. These estimates are then reconciled to nationally recognized data sources.

MarketBank™ covers all aspects of financial services, including non-traditional products like mutual funds, insurance, and stocks, as well as the propensity to use online, mobile, electronic banking services, and credit unions.

MarketBank™ estimates of financial services utilization are produced product-by-product for individual geographic areas, such as zip codes, census tracts, and block groups. MarketBank potential is estimated for non-business consumers in each market on the basis of the demographic and socio-economic characteristics of households residing in each area.

Source Data

The model used to produce estimates is based upon multiple survey datasets including the Federal Reserve Bank's *Survey of Consumer Finances*, the FDIC *Survey of Unbanked and Underbanked Households*, and the Federal Reserve Board's *Survey of Consumers use of Mobile Financial Services*. The *Survey of Consumer Finances* is a comprehensive survey of households conducted tri-annually and sponsored by the Federal Reserve Board in cooperation with the Department of the Treasury. The survey is administered by the National Organization for Research based at the University of Chicago and is designed to be a scientific random sample of approximately 4,500 randomly selected households, representative of all economic strata. SCF survey raw data are tracked as a moving average for to support robust and stable estimates of consumer behavior. Blockgroup level demographic estimates used in the model are produced by Esri, and validation data is produced by the Federal Reserve Bank, the FDIC, the National Credit Union Administration, the National Association of Insurance Commissioners, and the American Council of Life Insurers.

Methodology

MarketBank estimates are based on a statistical analysis and moving average of the weighted raw data of the various surveys, with a focus on the relationships between households' housing and socio-economic characteristics and financial services utilization.

The market potential methodology is based on a segmentation analysis of respondent households on the basis of demographics. Each segment is defined in terms of predictive household demographic attributes and homeownership characteristics that are associated with the used of financial services products. Segments are then profiled in terms of their product-by-product penetration, account, and balance utilization. The segment profiles are then used as the basis for market potential estimates for small geographical areas, such as census block groups. To estimate the potential in a region, the demographic variables for the region are used to estimate the number of households residing in each segment and the product utilization profiles are applied to the households, respectively to arrive at market-wide estimates.

MarketBank estimates are validated by reconciling total balances and penetration rates to known holdings by financial institutions on a product-by-product basis for the same time period. Adjustments are made, when necessary to account for inflation, interest rate fluctuations, changes in housing economics, and other economic factors that influence the accuracy of the estimates.

Forecasts

Forecasted potential is arrived at by estimating the number of households in each segment based on forecasted demographic variables. As with current year estimates, product utilization profiles are then applied to each segment to arrive at the market potential per segment by product. Balances are stated in current year terms so that comparisons and calculations of growth rates in balances are always in current dollars.