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## Community bank takes on Bankrate and NerdWallet rate comparison sites

By Miriam Cross | December 05, 2022

Type “best CD rates” into Google and the chances are high that results from Bankrate and NerdWallet float to the top.

That leaves community banks and credit unions, whose yields might beat those of financial institutions that pay to appear on comparison sites or online marketplaces, buried way down at the bottom of the search pages.

“If a tree falls in a forest and there is nobody there to hear it, does it make a sound? That is a bit of what happens,” said Leo D’Acierno, senior advisor at the consulting firm Simon-Kucher & Partners.

The question of what to do about it is something Seattle Bank has grappled with for years. The Seattle-based institution has periodically offered what it says were some of the best payouts in the country on its CDs, when it experienced spurts of loan growth and wanted to raise deposits quickly. But they were not showing up on websites that curate top CD rates.

“We were like, what the heck is going on here,” said John Blizzard, president and CEO of the \$775.4 million-asset bank.

Advertising in the newspaper meant missing a digital audience. Paying to appear on an online marketplace was exorbitant. In November, Seattle Bank launched what it hoped would improve the problem for itself as well as other community banks and credit unions: a consumer website called CD Valet that collects CD rates of banks and credit



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unions and does not accept advertising dollars to push certain choices to the top.

CD Valet appears to be the first website built by a bank to aggregate certificate of deposit rates, and one of the few that aim to be both comprehensive and unbiased. Bankrate, NerdWallet and Investopedia all accept compensation in some form from partner financial institutions. DepositAccounts.com, which is under the LendingTree umbrella, says

that it accepts advertising compensation for featuring certain products from a very small percentage of financial institutions.

The sway of such websites, and how they affect community institutions like Seattle Bank, is an open question.

“If you are a regular buyer of savings products and CD products, they’re fairly influential,” said Betty Cowell, senior advisor at Simon-Kucher. She notes that most people are not solely driven

by price, but also want a recognizable brand. At the same time, financial institutions can't rely on word of mouth alone to alert customers to attractive payouts, and typically need to invest in some form of advertising or targeted marketing.

"If you are not doing both, offering high rates and spending the money to tell people about them, you are not getting the full return that you're looking for," D'Acierno said.

Seattle Bank has found CDs to be a valuable source of funding.

"We've had customers come in from an ad and put a million dollars in CDs," said Blizzard. "There is this underappreciated market of savers out there that don't have a wealth advisor and probably don't invest a lot in stocks. They may not be flashy, but they have a lot of money."

The timing of CD Valet's launch is fortuitous as the Federal Reserve continues to raise its benchmark interest rate, most recently by 0.75 percentage point on Nov. 2. (The Fed may moderate rate increases as early as December.)

"CDs are making a comeback be-

cause we have some yield to offer the customers," Cowell said. "My broker sends me CD rates now, which he never did before."

Blizzard has also noticed what he calls a "refi boom" in CDs, where people will pay the early withdrawal penalty for a low-yielding CD and reinvest the money in a higher paying one.

The bank recruited Apexon, a technology services firm in Santa Clara, California, to build CD Valet. Seattle Bank says it uses a mix of technology and trained team members to collect and validate rates before posting them. Currently, CD Valet features all insured banks that are chartered in Arizona, California, Idaho, Oregon and Washington that post CD rates on their public websites, as well as all credit unions in those states with \$100 million of assets or more. In addition, it includes banks that have a presence of five or more branches in those states, prominent internet banks, and institutions that don't match this criteria but offer competitive CD rates. The plan is to expand nationally in 2023.

On CD Valet, the Compare tab lets people filter by name, term, annual percentage yield and investment amount, while Promos captures atypical terms, bump-up CDs, and more.

The bank will not make money from CD Valet. But Blizzard sees it as an up-front investment. "Banks spend enormous amounts of money to generate deposits and to try and get noticed," he said. The hope is that as users flock to CD Valet, they will discover attractive yields when Seattle Bank generates them.

"They're positioning as Switzerland: 'We're neutral and can't be bought,'" D'Acierno said. "From a consumer value perspective, you're making an argument about integrity and putting the best interests of the consumer at heart."

One challenge will be overtaking behemoth sites like NerdWallet. Blizzard said he has a marketing plan for CD Valet, but he declined to share details.

"Even if it's a fantastic tool for both the bank customer and banks, if it's a small audience, it's not consequential," D'Acierno said.