**Three Questions Banks Should Ask About Moving Deposits Off Balance Sheet**

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*Moving Deposits Off Balance Sheet Is a Strategic Decision—Not a Reaction*

Deposit networks are often described as funding tools, enabling banks to access funds and depositors to access FDIC insurance on large amounts. But they are far more than that. Deposit networks can also be balance sheet levers—mechanisms that allow banks to manage timing, risk, and optionality without sacrificing customer relationships.

One crucial benefit offered by deposit networks is **flexible liquidity management**—including the opportunity to move deposits off balance sheet by selling them to network banks in exchange for fee income while retaining the customer relationship.

There are several reasons why your bank might consider moving deposits off balance sheet:

- Liquidity surges that outpace near-term loan demand
- Timing mismatches between asset growth and deposit inflows
- Heightened scrutiny of uninsured deposits and concentration risk following banking stress events
- Regulatory attention to large depositors and funding stability

When facing these circumstances, partnering with a large-capacity, established bank network to move deposits off balance sheet can give your bank a competitive advantage by creating flexible liquidity. By treating moving deposits off balance sheet as a strategic decision, rather than as a reactive outlet for excess balances, your bank can profitably retain control over future growth.

The question is not *whether* your bank should move deposits off balance sheet—but *when, why, and under what constraints*. That starts with three core questions:

**Question #1: What Opportunities Can Be Created by Moving Deposits Off Balance Sheet?**

Your bank can profitably move deposits off balance sheet for a number of reasons, including

- Managing deposit concentration limits, especially tied to large commercial or municipal accounts
- Smoothing out seasonal or event-driven liquidity surges
- Controlling where the bank stands relative to key asset, reporting, or regulatory thresholds
- Compensating for temporary mismatches between deposit inflows and loan demand

Federal banking regulators have made clear that large depositors and uninsured balances warrant prudent management.[1]

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[1] Federal Deposit Insurance Corporation, "Section 6.1: Liquidity and Funds Management," in *Risk Management Manual of Examination Policies*, https://www.fdic.gov/risk-management-manual-examination-policies/section-61-liquidity-and-funds-management.pdf; "RISK MANAGEMENT—Interagency Policy Statement on Funding and Liquidity Risk Management," https://www.federalreserve.gov/frrs/guidance/interagency-policy-statement-on-funding-and-liquidity-risk-management.htm#ANCHOR1.

Selling deposits to other banks in a deposit network allows your bank to retain the customer relationship while addressing balance-sheet, liquidity, and regulatory pressures—moving the funding, not the depositor relationship.

**Question #2: What Economic and Pricing Guardrails Should Be Considered?**

*Are you getting paid appropriately to move deposits off balance sheet?*

At its core, the economics hinge on three variables:

1) The rate paid to the customer
2) The applicable deposit sell rate
3) The resulting spread and fee income

Defining these up front, alongside the amount of deposits to be sold, helps ensure profitability.

*Establishing Pricing Guardrails*

Effective programs define clear guardrails, including minimum acceptable spread thresholds, and establish competitive monitoring to ensure pricing and market rate changes do not undermine the relationship. Market volatility makes static assumptions dangerous. As interest rates change, economics that once worked can quietly deteriorate unless actively reviewed.

*Governance and Accountability*

Strong governance can position your bank to make strategic, rather than reactive, decisions to move deposits off balance sheet. A best practice is to establish clear ownership of pricing decisions—your bank's asset-liability committee is one possible owner—and a defined approval path for exceptions to ensure that your deposits are priced intentionally, not deployed reflexively.

**Question #3: Are You Operationally Ready—and Able to Pivot back?**

Regulators increasingly expect deposit programs to be repeatable and auditable. To ensure you can start moving deposits off balance sheet without issue, ensure your bank has assembled and codified the following

- Customer consent and disclosures
- Documentation and reporting accuracy
- Settlement and reconciliation workflows
- Clear ownership across treasury, operations, and relationship teams

*Define the Trigger to Move Deposits Off Balance Sheet—before You Need It*

Before moving deposits off balance sheet, clearly define the dollar magnitude of a given sell trigger, the consequences of keeping deposits on balance sheet, and the expected duration of funds moved off balance sheet—weeks, quarters, or a defined strategic window.

*Plan Your Exit Before Entry*

The most disciplined institutions define exit triggers in advance. These could include increasing loan demand, on-balance-sheet funding regaining strategic value, or other changes in liquidity or capital needs.

**Moving Deposits Off Balance Sheet Is a Powerful Option**

When your bank needs more liquidity, it's much easier to redeploy deposits from existing customers than it is to source new relationship deposits. Deposit networks make that flexibility possible. Other cash management offerings for customers, such as money market mutual funds and wholesale funding, are less flexible and more expensive.

Ultimately, deposit networks (and using them to move deposits off balance sheet) are about control and timing. Banks that successfully use their deposit network as a liquidity management tool consistently ask:

1) What issue are we solving?
2) Are the economics disciplined and defensible?
3) Can we execute cleanly—and exit deliberately?

Used well, an off-balance-sheet strategy can allow your bank to win relationships and manage risk today and preserve the option to fund growth tomorrow.

That optionality is the true value of a deposit network.

**About IntraFi**: IntraFi operates a deposit network of 3,000+ members and offers the highest per-depositor and per-bank capacity in the industry. For more than 23 years, banks have relied on IntraFi's on-balance-sheet (reciprocal deposits and wholesale funding) and off-balance-sheet (One-Way Sell®) solutions to strategically manage liquidity, grow customer relationships, and increase profitability.

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