

Should I employ behavioral-based pricing?

The most successful banks are offering a variety of options to their customers. For example, they may offer a "pay as you go" type of checking account for customers who understand that every time they do something, the bank is going to keep track of it, and charge the customer for that activity.

Some customers prefer this type of account because they're paying for what they're getting. There are other customers who would prefer the more traditional product where they maintain a minimum balance in order to get certain services at no charge. Customers like this option, as they don't have to monitor the activity on their accounts.

Finally, higher-end customers may be willing to pay a flat fee every month so they can do pretty much whatever they want.

But people vary on that continuum; the key is whether they perceive that the value they're getting on the product is worth the cost. Most of our research indicates they prefer being able to choose the option that works best for them - in the example just discussed - pay as you go, versus minimum balance versus flat fee.