



Harland Clarke Acquisition Accelerator Webcast 01/20/2016
A Better Way to Acquire New Checking Households
TRANSCRIPT

Presenter: Stephen Nikitas, Senior Strategy Director, Harland Clarke

Presenter: Kristy Hague, Sales Executive, Shared Mail Innovation, Valassis

Presenter: Jane Schoonover, Vice President, Products Manager, Personal Banking, Broadway Bank

Jeb: Good day and welcome to Harland Clarke’s webinar “A Better Way to Acquire New Checking Households.” This webinar is being recorded and will be provided to you along with the presentation recording and deck within a few days. If you have any questions at any time during the presentation, please use the question box located in the webinar control panel. Your questions are private and are only seen by the presenters. I will now turn the call over the Stephen Nikitas, Senior Strategy Director at Harland Clarke. Steve, you have the call.

Stephen: Great. Thank you very much, Jeb, and good afternoon, everybody. Welcome to our webinar on how to help financial institutions, both banks and credit unions, to grow their checking account portfolios, which I’m sure is a key objective for most everybody who has joined our webinar today. Today you’re going to hear from three speakers. Myself, Jeb mentioned I am a Senior Strategy Director with Harland Clarke. I have more than 30 years of experience in the financial services world handling strategic planning, marketing. My role as a Senior Strategy Director is to provide consultative services to both banks and credit unions throughout the country in order to help them to strengthen their targeted portfolios. Also with us today is Kristy Haag. Kristy, would you be kind enough to introduce yourself for our folks on the phone?

Kristy: Good afternoon. Yeah, I am Kristy Hague. I’ve been with Valassis for 25 years. I work as a Sales Executive managing local, regional, and national clients. My background at Valassis is primarily with our Shared Mailed Products Division. Specifically, the last five years I have specialized in variable data prints and custom direct mail solutions for our clients.

Stephen: Thank you very much, Kristy. We are also privileged today to have with us a Harland Clarke customer, Jane Schoonover. Jane comes from Broadway Bank. We’re going to hear from Jane later on in the presentation. She’s going to share information with us about how Broadway Bank has grown their checking portfolio with the help of Harland Clarke so, Jane, welcome. Could you introduce yourself to our guests?

Jane: Yes. Thank you, Steve. I am Jane Schoonover. I'm a Vice President and the Products Manager in our Personal Banking Group at Broadway Bank, which is located in San Antonio. I've been specializing in retail banking for the past 20 plus years. As Product Manager, I work with various vendors to help us grow our product base, specifically for this conversation, our checking acquisition. I also work directly with our Marketing Department to bring all those avenues together.

Stephen: Great, thank you very much, Jane. I look at this particular slide, by the way. Two things jump out at me. When we add up the years of experience that the three of us have yet, for some reason or another, we all look like millennials, so I guess that's a good thing.

Jane: Great.

Stephen: Let's go to our next slide, and take a look at our agenda, and share with you what we're going to talk about today. We're going to start in a moment with an impromptu poll. I know the New Hampshire primary is not until next month, along with the Iowa Caucus, but we'd thought we'd get a jump start on cast some votes. Don't worry. It's not for a presidential candidate, but it will be around the lines of checking.

We're going to talk about the Harland Clarke and Valassis relationship. We'll talk about the old way versus the better way when it comes to acquiring checking accounts. From there, we'll segue into the Harland Clarke approach to helping financial institutions to grow their checking portfolios, and we'll also share a case study with you. At that point, I'm going to ask Jane to come back on the line and share with us Broadway Bank's experience with growing its checking portfolio with Harland Clarke's assistance. As you heard earlier, we'll make sure before we wrap up today that any questions that you all have we will address, and just as a reminder, you have a question panel beside tool bar that appears on your computer screens. During the course of the presentation, if you hear anything that solicits a question or more curiosity, feel free to type your question there.

With that, why don't we jump into our impromptu polls if we could? Jeb, I'm going to ask you. If you don't mind, could you put our first poll up on the screen? Our question is when was the last time you folks on the phone conducted a checking acquisition campaign? Two thousand-thirteen or earlier, maybe you haven't done one, 2014, 2015, or maybe your plan is to conduct a checking acquisition campaign in 2016. If you would all take a moment to cast a ballot. What we'll do is we'll share with you results as quickly as we can.

Again, when was the last time you folks on the phone conducted a campaign that was focused on helping you to grow your checking portfolio? Let's see what we got here. Okay, so here are our results. Eleven percent of you said that you're planning to do a checking campaign this year, better than a third said you did one last year. Another 11% said you did one back in 2014. Twenty-one percent or one out of every five of us on the phone today said it was 2013 or before. Then, again, we've got a similar percentage who says that they really have not done any checking campaign at all it looks like. Good results.

Jeb, could we go to our second question? All right, so here's question number two. What is your current timing priority for conducting a checking acquisition campaign? Those of you who said that you were looking at doing one this year, we certainly want to hear from you. What is your time frame? Do you plan to conduct one over the course of the next quarter, before the midway point of the year, before the end of the year, or at this point, are you still undecided about when you're going to conduct the checking acquisition campaign, and maybe still at the planning board or planning stages, I should say, for going out and acquiring checking accounts? Let's give everybody another moment to cast their ballot. Again, I promise this will be our last question. We will not have any questions about Donald Trump, Bernie Sanders, or anybody else.

All right, here are our results. It looks like we've got several of you on the phone who are planning on conducting a checking campaign early in 2016. We've got an equal number who are looking to do one between the first quarter and the second quarter and then an equal number planning to do it the second half of the year. Then we've still got almost one out of five of you are not sure. Still planning on when you're going to conduct that checking acquisition campaign. Jeb, thank you very much for your assistance with conducting that quick poll. Good information. With that, what I want to do, Kristy, if you're okay, I'm going to ask you to come back onboard if you don't mind, and talk a little bit about this relationship.

Kristy:

Absolutely. Harland Clarke purchased Valassis February of 2014. Now, just two years ago, we were – Valassis was acquired by Harland Clarke. As you heard me introduce myself, I'm on the Valassis side of the business. Who is Valassis to you? You'll recognize Valassis as the RedPlum brand which is delivered in the mailbox. It's delivered in newspapers, and it's delivered online. We are a proven leader in intelligent media delivery. We work with over 30,000 customers in multiple categories, and we help our clients develop customized turnkey marketing solutions on a daily basis. I want you to understand that our program reaches 98% of all U.S. households, and we target nearly a 110 million households on a weekly basis.

What also makes Valassis and our relationship with Harland Clarke unique is our proprietary database, which we refer to as Sharpshooters, and it's built at a postal-carrier route level. We're going to talk a lot about this this afternoon. It was built to give our clients a competitive advantage by offering, I think you'd say, more sophisticated targeting recommendation to help increase response rates. It places an emphasis on ethnicity and urban ethnicity. It takes into consideration affluency, life stages, home ownership. Just to name a few, and again, it's created with 54 different clusters that really accurately portray the differences in consumer segments. That's really important for us to be able to understand is current customers live, what do they look like, and where do we find look-alikes? That's what going to differentiate this program from any other program that you've done in the past, and it's really going to be delivered at a very low-cost, high-response program.

Steve, I'll continue on, and let's talk about Slide #5. On this slide, it really talks about the old-fashioned way to acquire customers, so old-fashioned is the traditional way. When you look at this slide, we see that all homes look the same, but are consumers making purchasing decisions in the same way? Do they really look alike? In my mind, the reality is we are all very different. The traditional advertising approach which has been to send to all households in the neighborhood the exact same ad may not necessarily be the best approach. Now, while there may be a time and a place when we should send the same ad to all households, it may not be the best solution today. Again, that time and a place could be a grand opening, a new product launch that we want to get into the marketplace. With today's approach, we're going to make sure we strengthen our current client relationships, and we're going to acquire new checking account customers, and treat every household different.

Slide 6 talks about our new way. A little bit about what I just talked about. What's the best way to approach a neighborhood? How do we talk to all those households? We want to do it differently because we all make decisions differently. Here you can see every household was shaded different. We've got different names at these households. Demographically, we're all different. Our interests are different. We make our purchasing decisions differently.

We even can look at this neighborhood as a current customer versus a noncustomer, and we want to make sure we send a relevant personalized message according to what we know about the individual household. Doesn't it make sense then to customize our ads at the household level? Think about it this way. If we know one household has an income of \$100,000 or more, wouldn't it make sense to send them a Platinum Checking account offer? Compared to the less affluent household investing less than \$100,000, we may choose to send them the Premium Checking account offer. Again, it's about

making sure we're sending relevant messages based on what we know about the individual consumers at the home, and that's what's going to really increase our ROI on our programs.

On our next slide, simply identify the traditional way on the left and the better approach on the right. Let's take each one of these, and talk about the differences. The old-fashioned way or the traditional way was let's find the right target radius around the branch, and mail everybody the exact same offer. Today, we're saying let's define a custom trade area around each branch location. Just find where you have the highest concentration of current customers, where are the most likely responders within the neighborhoods, and mail to those areas. The traditional way was let's target everybody. Again, the better way is where are the best neighborhoods in our carrier routes?

With our program today, we're going to be able to put the person's name on the ad. We're going to be able to go to "Kristy Hague" or "Steve Nikitas," compared to the old way which is going to "Valued Customer" or "Dear Neighbor," not very personalized. The more we can personalize it increases response. The old way was send everybody a single message. Offer them the Platinum Checking account only. Today, we're going to say, "Kristy, Welcome to the neighborhood. We are in your backyard." It reflects my name, a special offer, and a special message. These pieces today are going to be high-impact because it's relevant, and again, it's very targeted. I think you're starting to see the difference between the traditional way, which we use to refer to as the "spray and pray" approach, compared to highly-targeted, results-oriented direct mail program.

On our next slide, I believe it's Slide #8, we're going to start talking about our unique approach and how we're going to help you identify who your current and perspective customers are or perspective new customers. We're going to help you locate where they live. We're going to do that through our Sharpshooters Program, which is one of our proprietary databases. We're going to connect with them by mailing them that personalized relevant offer and message from your financial institution. Then, after every program or every campaign, we're going to do an analysis of the results six, eight weeks post-campaign. Understand who responded to what offers, how do we improve upon that with just those profiles, and go back and start the process all over again.

On Slide 9, we're going to take a deeper dive now into what is the best way to help you locate or to determine where to mail your campaign? This has multiple facets on how we do this. We start with your branch listing. You will provide to us all of your branches with an address associated with it, and then we're going to plot all those locations geographically, and then we're going to set up a

custom trade area around it. That custom trade area typically starts with the radius. The radius is going to vary by branch location depending on where you're situated within a marketplace. We're then going to feed in and analyze your customer database to help us determine where you have areas that have a high concentration of current customers. It can be all customers, or it can be focused to where you have a high concentration of current checking account customers. What this will allow us to do is eliminate areas of geography near your branches that may not meet your target market criteria, so again, it's allowing us to just target in a very smart fashion to really help us increase our response rates.

We also look at competitors in the area. We look at those natural boundaries to help us to find the best areas for you to mail to, again, to the best responders. You heard me mention distance to site. Distance to site is important for us, but it's by no means a key indicator on where we're going to make recommendations. Recognize that this is just simply not a dot and circle three-mile radius going around your branch locations. Because that may not be a key factor in where we're going to help you target to.

Slide 10 talks now more about identifying. We can locate where they are. Now we want to identify who are your most preferred checking account customers? Again, just not where they live but understand demographically who they are. That concept is "birds of a feather flock together." This is where we start to align what we refer to as our Sharpshooters system. We start looking at 54 different clusters, and we'll talk more about that.

Our first step is to identify the customer trade area based on where your current customers live. We want to analyze who they are to identify the potential look-alikes. This process includes looking at the entire branch footprint of all the neighborhoods where you have – in what we've been doing, where you have current checking account customers. In essence, we're looking at areas with a strong penetration of current customers and eliminating areas where you don't have customers to help you define demographically who your best customers are. How do we know this? On Slide 11, you're going to see that, Valassis and Harland Clarke, we invest in a tremendous amount of data.

We spend millions of dollars annually getting refreshed and updated data. We have both syndicated and proprietary data available to us with thousands of data points available to help us better understand your customers and perspective new customers. You can see here who some of our data partners are. From Nielsen, our proprietary database Sharpshooters, NCH, MRI, you name it. They are partners here at Harland Clarke, and we want to make sure we are giving you the best solutions when we're analyzing data.

I want to bounce now and continue talking about identifying who your customers are. I'd like to move to Slide 13 please, the next slide. When we look at the database and when we analyze your customer data, we help you identify and locate your current checking account customers and perspective new customers. We do this with an in-depth database analysis to help you identify what we refer to at Valassis as the "target market group." These reports, when we walk you through them, in my mind are very overwhelming, tremendous amount of data, but rich data and smart data help us get to that perfect target audience for you.

This is an example of our Sharpshooters Market Plan. It's developed from your customer database that we roll up to the postal-carrier route level. We look at key metrics within your customer database, and we consult with you to make sure that we are in agreement on what we want to analyze. We look at, again, customer penetration within the carrier routes. We look at checking account penetration. We can look at average balances.

We take this data and we validate all the information, and then we roll it into what we call a TMG, a target market group. This is really what identifies areas that outperform other areas. You can see over there on the right shaded in red, on the lower right side of the slide, we've identified three clusters. These are the Sharpshooters clusters that are popping or indexing the highest. We've got clusters 10, 15, and 17: Senior Success, Suburban Society, and Town Council. What does that mean to you? Obviously, that definition is in behind all of these, but in this example, these are the demographic target audiences that are most likely to be a customer of this financial institution in this example.

Senior Success, let me give you an idea of how it's defined. It would be someone who's age 55 plus, probably an empty nester. They're well-educated. They're in probably the white collar category, from everything that we know, and they have approximate median incomes of \$58,000. You may say I don't want to target consumers who are 58 plus. I want to go after more of those Generation Y's, Generation X's. How do I get to those? We can actually do the reverse. Not necessarily go for look-alikes, but we can find the younger audiences.

This example also talks to Town Councils. Town council is more affluent, a little bit younger, college educated. They've got a little bit alternative background. We're showing you where there are look-alikes and what your customers look alike. This is our unique differentiation in the marketplace. It all starts with your data.

Now let's go back to Slide 12. We understand where your customers are. We've located them. We've identified them. Now it's all about connecting. We've

defined what geographies we're going to be mailing to. Now how do we get the prints into the consumers' hands with the right message and offer, and why is personalization relevant today?

Again, the more we can talk to a consumer, the greater the response rates. Thirty percent increase in response rates by just putting in the address panel Kristy Hague compared to Current Resident. Take it a step further. You're going to say, "Kristy Hague, Welcome to the neighborhood," and reflect a female on the offer, and your response rates even increase even more so personalization, customization with the offers, highly, highly relevant. You're going to see the results, and you're going to hear about a success story today on how we have done that.

Okay, next slide. On this slide, it really takes us to a next step of connecting. It's really what we've talked about in this example of segmentation, and how we can start working with your database. Here, in this example, we have four different segments that we're going to be mailing to. The first segment are your current account holders. Anyone within your financial institution that has an account would receive that creative of that young family, and, "Hey, Andy, get \$25 for referring family and friends." If I were the current account holder, it would say, "Hey, Kristy, get \$25 for referring friends and family."

The next segment that we'll be mailing to is going to be look-alikes. We've identified who your customers are who are the look-alikes. Then we're going to develop a creative offer and message that represents the look-alike target audience. One of your goals may be to target people who are small business owners. These small business owners will have their home address for the small business owners, and we're going to give them a very specific creative message and offer. Then this example, we're targeting the Gen Y's.

You can see that this is a real simple example with four different segments. We can break down your customer database into current checking account, last checking account, and then we can start talking about the acquisition side. Remember, this is all about acquisition. How do we acquire more checking account customers? Who are those target audiences for our acquisition? Do we want to target Gen X's with one message, Gen Y's with a different message?

Do we want to target a household based on income levels, lower income, higher income, households with family? The sky is the limit. We will help you, and we will coach you through what are the best target audiences to help you drive and acquire new checking account customers into your banks and credit unions.

The next slide talks, really, about all of the features and the benefits of the program I've just walked you through, which we refer to as a "self-mailer."

You'll also hear us refer to it as a "variable data postcard" and lots of features and benefits to this program, one with a tremendous result. From the database analysis, based on our strategic discussions that we're going to have with you to understand your current objectives and challenges, we're going to provide you a strategic, strong marketing recommendation to target to your best prospective neighborhoods. Remember, we're going to eliminate areas where you have low customer penetration. We're going to eliminate duplication. We're going to make sure we don't go to the same household twice. We'll look at duplication across multiple branches where you may share geography. We'll work on those strategies as well.

All households in your delivery area will receive a self-mailer or a variable data postcard from us. We can target to a neighborhood, or we can target down to a carrier route. Multiple carrier routes make up a neighborhood. Phenomenal print quality, phenomenal paper stock, so you've got a really nice piece going into the mailbox with great impression on it. We work with United States Postal Service. We are the largest third-party customer of the United States Postal Service. It's important for you to know that because we have the most current mailing list available to our clients. It's updated every single week. Again, because we're one of the largest customers, they understand the value of timing of deliveries, so you have very, very timely delivery with our program. You'll have zero returned mail with our program. Again, I can't stress enough how important it is for us to have personalized relevant messages to both customers as well as noncustomers to help increase our overall response rates.

We're extremely excited about the program. We've got many success stories and great results from many financial institutions. We're looking forward to partnering with you and answering any of your questions and with that, Steve.

Stephen:

Okay, Kristy, all good stuff. Thank you very much. Kristy, I'm going to stop here for a moment because we do have a couple of questions that have come in, and I think I can handle both these questions. One of them is asking if we can provide a copy of the slides of what we're going through today. The answer is absolutely. The presentation materials and a video replay of today's presentation will be made available to everyone on the line today within the next week, so be on the lookout for that.

The second question and I guess we did a good job of putting our slides in order, so if we could go to the next slide, Slide #16. I think this will help answer our next question, which revolves around what kind of offers should we make when we conduct a checking acquisition campaign? On this slide, we built this slide off of, really, best practice and experience. Let me walk through this for everybody very quickly. When we are reaching out to prospects, what we want to offer is a

basic checking product, a checking product that will have the broadest appeal. Typically, it is a free checking account or a financial institution's lowest priced checking account. Our experience, through the dozens of financial institutions with whom we've helped with checking acquisitions, is that those checking accounts that might require a minimum balance or result in more fees for the financial institution are usually best left as a cross-sell opportunity once we drive the consumer in the door.

With consumer checking and, in many ways, just like business checking, when we're reaching out to a prospect, go with a free or low-cost checking option simply to get the consumer in the door. When they get in the door, then utilize your platform people or your teller staff, whoever is opening up those checking accounts, to cross-sell, upsell your other checking products. With business checking, our experience has been certainly talk about checking, but talk about cash management services, merchant services, the availability of credit cards. Then with your existing account holders, we're going to communicate with them. Typically, obviously, if that existing customer already has a checking account, we're not going to offer that existing customer another checking account, but we may put in front of them a message about utilizing and activating their debit card. We know that millennials, for example, are really gravitating towards mobile banking apps, so if we're reaching out to younger existing customers, we might want to talk to them about how robust your mobile banking application is.

If we're targeting, let's say, consumer who currently have a mortgage, we might want to talk to them about a mortgage. Customers who might be fully engaged with you with a wide range of products and services, what we find is maybe putting in front of them an investment advisory message. "Come on in for a financial checkup." Sometimes even, we find financial institutions reaching out to their existing customers with a message about the benefits of referring a friend to that particular bank or credit union. Just, very quickly, some offers or some options on what you want to put in front of a prospect in an existing customer when it comes to talking about checking or any of your other products.

Let's go to the next slide. One of the things that we do early on when we work with any client is we will do an analysis of who within your market footprint is out and about conducting checking acquisition campaigns, and there are many reasons why we do that. We want to let everyone know who you're facing when you go out there with a direct mail campaign. We want to let you know what your competition is promoting. We use that information because we know that, when it comes to direct mail, certainly targeting is probably the most important component of any direct mail campaign, but the offer and the message go a

long way toward dictating the success of any direct mail campaign. As we are out and implementing a checking acquisition campaign, we take a long hard look at who in your marketplace is conducting checking acquisition campaigns over the last year and who might be making offers and what kind of offer that they are making.

Now all of you on the phone know that there are some financial institutions that are offering upwards of \$500 for a checking account. We would never advocate that you go that rich with an offer. What we would recommend you do is take advantage of a Harland Clarke relationship with a product called eRedēm, and eRedēm is a very efficient and very cost-effective way for you to make – put an offer in front of a prospect or an existing customer. You have a variety of incentives, including cash. Typically, though, it could be merchandise, or it could be gift cards, and another key differentiator of this particular approach is that it is a pay-as-you-go incentive plan. In other words, you're not buying 500 toasters. You're not buying 500 gift cards to Target. You are only buying the incentive as you go along. At the same time, because this is handled by a third party, you do not have to store toasters, or blankets, or picnic baskets, or gift cards anywhere under lock and key and do a control, so all of the fulfillment is handled for you by a third party. At the same time, all of the tax reporting administrative responsibilities are not left to you, but they are left to Harland Clarke and our partner in the eRedēm option.

Let me show you a little bit about how financial institutions go about and put an offer in front of either a customer or a prospect. Let's go to the next slide, and I'll show you some of the components of that. Let's start in the upper left-hand corner. Let's say a customer or prospect comes in and decides that they want to open up a checking account. You might be making an offer of cash, or maybe merchandise. When that customer comes in or that member comes in and opens up that new checking offer, we're going to direct them or you're going to direct them to a Branded Homepage, a sample of which is in the upper left-hand corner. When that new account holder starts clicking, they're going to go to that Consumer Choices page that you see in the middle. There might be all of the options that you have put in front of that prospect in order to encourage them to come in and open up a checking account with you. I know this might be a little bit tough to see because our screens are not doing this slide due justice, but it looks like we've got a set of headphones at the top. It looks like we've got a little bit of a barbecue pit there in the upper left-hand corner, maybe a picnic basket down in the lower right-hand corner.

Should I select on any of those options, I'll see the Item Details in that third visual on the top row. It looks like, in this case, it's some sort of a corkscrew opener or a wine bottle opener. In the left-hand corner, there's an opportunity

for me to put in all of my pertinent information on where I want that product to be shipped. Once I select that that is what I want, and I have completed all of the necessary fields, I'll get a Confirmation Selection. Just a confirmation page telling me that this is indeed what I ordered and just asking me to confirm that this is what I want. Then, after I place that order, I will get a Thank You from the financial institution. All of this is branded to your institution, to your bank or credit union, applauding the new customer or the new member for making the choice that they did, and giving them a heads up on when they can expect the merchandise.

Let's go to the next slide. Another question that we're frequently asked is, is there a good time to conduct checking acquisitions? In my experience as a strategist, I often come across financial institutions who are of the opinion that, gee, maybe checking acquisition is best in the first quarter, best before tax time comes around, but in reality, what we find is that checking acquisition is really a year-round campaign. We find that those clients who are conducting multiple campaigns over the course of a year are the ones more typically who are going to be successful in driving new business to their door. Our recommendation, best practice, maybe eight times a year, roughly every six to seven weeks or so with a checking acquisition campaign. Many financial institutions with whom we work will conduct campaigns quarterly. Some will conduct checking acquisition campaigns every three months or so, but there are many with whom we work that will be out and about in front of that prospect with a checking offer roughly every six, every seven weeks or so.

Let's go to the next slide. On our next slide, really, just summing up a lot of what we have gone through today. Thank you, Kristy, for your help with this. We call this our "Learn-Do Loop" or our "Continuous Improvement Loop." If you start roughly at 12 o'clock on this particular chart, so what does that entail? It's all of the analysis that Kristy mentioned relative to the things like Sharpshooters and the demographic analysis, the location analysis. It is offering or putting in front of the prospect that personalized direct mail that we know because we're able to personalize things will drive deeper or more affluent results.

It's including an incentive. As I mentioned, we will do an analysis for financial institutions to show them who among their competitors is out there with checking account offers and what kind of offers they're making. From there, it is reporting after each drop because our focus is on making sure that we inspect what we expect in order to make sure that we get better at what we do from one drop to the next. Then lastly, it's strategy. It's using our experience with the dozens of financial institutions with whom we work in order to help financial institutions develop a strategy that will guarantee or go a long way toward

insuring that your checking acquisition campaign is as successful as it possibly can be.

Let's go to our next slide. As I mentioned, we have helped several dozen financial institutions with checking acquisition campaigns since we've established our relationship with Valassis. One of those financial institutions that we have some numbers to share with you here is a \$15 billion asset-sized regional bank. Last year, they mailed out 400,000 pieces of mail during an 8-week period. When all was said and done, their return on their marketing investment was better than 380%. They brought in 2,000 unique households where they saw a 50 basis point or so response rate, and they ended up with better than \$45 million in checking and cross-sell balances.

One of the notes I want to make here is that while we're certainly going out and looking to acquire checking, what we see with every campaign that we conduct is a significant lift in indirect products and services. Yes, we're putting a checking offer in front of a prospect or a customer, but what we also see are often times prospects, maybe we have rung a bell with that particular prospect that they might be in the market for a credit card. They might be in the market for a new car loan. Maybe they're in the market for a home equity loan. We happen to be in front of them at the right time at the right place. While we are conducting checking acquisition campaigns, what we always see is significant activity when it comes to indirect products and services that help to really lift the overall balances and response ratios of the campaigns that we happen to be working on.

With that, I'm going to ask Jane Schoonover to come back on the line here. As you heard Jane mention earlier, Jane is a Vice President with Broadway Bank. Jane, good afternoon.

Jane: Hi, Steve.

Stephen: Hi, Jane. Could we go to our next slide? Jane, while we're going through our next slide – thank you. While we're getting to our next slide, I've got a handful of questions, Jane, if you don't mind me asking. First of all, thank you for introducing yourself earlier. Tell us a little bit about Broadway Bank. Who are you guys? Where do you market? How large are you? Who do you compete with, that sort of thing?

Jane: Sure. We're about 3 1/2 billion in assets. We're a family-owned bank, and we were established in 1941. Next month, we're actually celebrating our 75th anniversary, so that's very exciting for us. Today we have approximately 38 banking centers located in South Central Texas, and we are headquartered in San Antonio.

Stephen: Great. Thank you very much. Jane, what are some of the challenges that Broadway Bank faces in regard to retail checking and household acquisitions?

Jane: We face two ongoing challenges, Steve. The first is, several years back, we actually removed the standard free checking from our product set. That was a big deal for us, and we started to see not the numbers that we wanted to see in new account openings and new households. Then you couple that with our footprint in the market. Broadway Bank's not been known, really, as a retail bank for consumers for the masses, particularly because we are in a very heavily populated credit union market, and obviously, they reach that target market very well. We're also known in our markets, really, as more of a commercial bank and a private bank, and so trying to put the growth efforts more on a retail caused us to really reach out for a solution.

Stephen: Great. Thank you, Jane. Jane, I know you can't get into the details, but could you talk a little bit about the checking acquisition campaigns that you conducted in 2015, and what kind of activity you saw?

Jane: Sure. I really like to step back to the fourth quarter of 2014 when we actually tried to dip our waters into this – dip our toes into the water with this solution with Harland Clarke. We ran a pilot in the fourth quarter just to really see if this solution would fit our bank and our growth strategy going into the next year. Our chest achieved comparable result to what we've had done in the past. We were very excited to continue that into 2015 where we did approximately five mailings, and I believe ours were six to eight weeks apart. Although we don't have all of our results in, we actually timed it as probably one week off when we need to get all of our results for 2015 next week. What we do know thus far, because we do get detailed reports and activities after each mailing, that roughly about a third of all of our new households can be attributed to this acquisition program that we ran.

We're very excited for that. We're really pleased and excited about the response analysis that is provided to us by the Harland Clarke team, and the flexibility that we're able to, throughout the year, make changes to the strategy or to the collateral pieces to better improve our results as we move forward, and we are...

Stephen: Jane, go ahead. I'm sorry.

Jane: I just had one more thing, Steve. We are continuing this in 2016. In fact, our first mailing's already hit the mailboxes this year.

Stephen: Great, excellent. Jane, ability to change things up a little bit while you're in the middle of these initiatives, if you will, the ability to see the results of the

program so you can make sure that you're spending your budget as wisely as possible. What are some of the other things that might've attracted you to the Harland Clarke solution for a checking acquisition?

Jane: The flexibility to reach, within our footprint, different markets and different ways. For example, the incentive in one market might be a little bit different than a different market for various reasons. As well as, for us, a real exciting thing is because we are in San Antonio, which is known to some people as Military City USA, we fight for and look for the military customers because that's our heritage and our start here in San Antonio. We're able to have two offers out to two different types of clients, one, really, with the military households as well as just the regular civilian households, and have different collateral pieces to each, which is very exciting for us.

Stephen: Thank you.

Jane: That variable print feature that Kristy talked about is perfect.

Stephen: That's great to hear. Tell us a little about the implementation process. You've gone through multiple waves of campaigns dating back to late 2014. How was it to get these programs up and running and off the ground?

Jane: Thanks for asking that, Steve, because that's probably the biggest thing for me that I liked about this program. It was a simple turnkey process with open communication on both sides from the bank as well as from our partners at Harland Clarke. The ability to and flexibility, like we said, in our printing and personalization, we did something that we've never done before, and Kristy spoke to that. In the past, everything was "Dear Neighbor" or whatever. Now we're able to say specifically – personalize it to say "Jane" or "Steve" on our mailers, which was huge for us. Again, as I just shared the example with our military affiliation, we're looking forward to those results for 2016.

Stephen: What kind of customers – Kristy spent a good deal of time today talking about the Valassis targeting capabilities. Jane, tell us about some of the customers that you've acquired through the program. Are they the kind of customers who have shown a likelihood for more products and services with the bank?

Jane: Absolutely. They are appearing to be very similar to our target that we're looking for. Like our current profitable customers. I think most people would have the concern that when you're offering some sort of incentive that you might just be getting garbage in, garbage out. That they're just going to open their account to get their incentive and then move on. We aren't seeing that with this solution initiative, which is very exciting for us. We are seeing about three-fourths of the targeted prospects are indeed opening a checking account

with us, and because of our analysis is so quick after the mailings, the six to eight week window, initially we're seeing about 1.2 products and services. Through the end of 2015, with our ongoing onboarding with our frontlines working with these prospects, we're at about four services per household, new household.

Stephen: Wow. That's fantastic. That's really good. I'm glad I mentioned early on Jane that we see a lot of additional indirect opportunities open up as a result of these campaigns. Thank you very much.

Jane: It's exciting to see that you have a checking offer, and then you're actually bringing in add loans to the banks. That's very exciting for us.

Stephen: Yeah, in my roll too, Jane, what I often hear financial institutions say is, well, we did a checking acquisition campaign a few years ago. Yeah, we got some checking accounts out of it, but many of them were inactive. They never really did much with us. They came in. They got the toaster, and they walked away. You're not seeing that it sounds like.

Jane: No, in fact, we scrub our numbers. Just like Harland Clarke scrubs our numbers for us. We match up very well. Our attrition is probably actually even less than it was prior to this during the first year of onboarding the customer.

Stephen: Excellent. Jane, thank you very much for participating in today's webinar, all good stuff. With that, Jane, I'm going ask Jeb to forward our presentation to the next slide. Just a couple of things that I want to go over before we address some of the questions that I see that have popped up on our question screen. With checking acquisitions, there are a host of other products and services that are available to help make the campaign as successful as it can be. One of them is ClickSwitch. ClickSwitch is an automated checking account switch kit, if you will. We know, again, that one of the impediments or one of the inhibitors for getting people to change financial institutions is that is a perceived hassle that can come along with opening up a new checking account at a bank or a credit union. ClickSwitch automates that. It takes what normally would've been a multi-week process down to just minutes.

Many financial institutions who've implemented checking acquisition campaigns have also implemented Card@Once instant issue debit cards. You're bringing new customers or new members in the door. Many financial institutions at the same time will implement Multi- or Omni-Channel Onboarding programs. That will go along with local search engine optimization to ensure that new prospects or folks who are considering changing accounts see you first and foremost when they go out there into Google or Yahoo and type in checking. Often times, we'll help financial institutions with a Mystery Shop campaign in order to ensure that

the service levels that those prospects are experiencing when they walk in the door are as high and as solid as they can be. We'll help financial institutions with training relative to how the checking acquisition campaigns will work, relative to how to make ClickSwitch work.

Branch merchandising, we can help financial institutions with all of the in-store merchandising. We talked about eRedēm a little while ago. ERedēm can also be used as part of a Refer a Friend Program. We've also talked about incentive fulfillment where all of that is handled by Harland Clarke and our partners in order to take that worry off the shoulders of financial institutions. Of course, the basis of everything that Harland Clarke does is data and research and intelligence. We can help financial institutions truly understand those new account holders who are coming in the door in order to identify more opportunities for product and service sales.

Kristy, we've got a handful of questions that have come in. I know that we are getting up to the top of the hour, but if you don't mind coming back on the line, you and I, if you don't mind, are going to answer some of these. The first question is, from your experience, what is the average balance of checking accounts that you've acquired through these acquisition campaigns? Kristy, what I typically see is a range of average balances, sometimes ranging from the high hundreds, \$850-900 on average, up to \$1,800 or so when it comes to the average balance of that new checking account. Kristy, are you seeing anything different out there?

Kristy: I agree with you, Steve. From all of our back end analytics, you're right in line with what we've seen with the back end reporting.

Stephen: Kristy, a new question that came in. Are there any concerns about red lining? You're picking the best areas to market product, and you're staying away from low-income areas? There's a question mark after low-income areas.

Kristy: Okay. It's a great question. It's been asked of us many times, so while we are picking areas where you may have a high concentration of current customers or maybe more affluent, recognize that those are medians potentially. For Platinum Checking accounts, we want to target more affluent households. The majority of the households in that area may have higher income, but there are also households in that area that are less affluent. We do mail every single household in the neighborhoods or the carrier routes, and not everybody looks the same. No, Steve, I do not believe we are red lining because you still end up with a mix of demographic makeups in these communities.

Stephen: Thank you, Kristy. We've got about 30 seconds. Can a postcard be as effective as a self-mailer?

- Kristy:** I think a postcard can be more effective because it's standing alone in the mailbox. You don't have to open it up. You've got your name on it, and you know exactly what the offer is before you – right when you see it, very impressionable.
- Stephen:** Then the last question we have time for. We talked about billion dollar banks. Again, Jane, thank you very much. Broadway Bank is better than three billion. I showed you a \$15 billion dollar bank earlier on. Can a small \$150 million financial services firm expect the same kind of results that Jane is seeing or that our \$15 billion bank saw?
- Kristy:** Without a doubt. We work with one-location credit unions to the million, billion dollar banks, and they're all seeing very good results. Most of them are seeing very good results. It doesn't make a difference what your asset size is. We can work with you, and we'll customize solutions for your institutions.
- Stephen:** Absolutely. Thank you, Jane. Thank you, Kristy. Thank you very much. Everybody on the line, I want to thank you. We're a minute over, and I want to make sure you all get back to everything you've got to do today. Again, a copy of the slides, a video presentation will be available to everybody within the next week. Thank you all for attending, and enjoy the rest of your week. Bye-bye.