Harland Clarke Account Holder Insights That Unlock Greater Profit Potential Webcast
09/17/2014

TRANSCRIPT

PRESENTER: Stephen Nikitas, Senior Marketing Strategist, Harland Clarke

Stephen: I'm going to start by talking about the National Banking Industry database that Harland Clarke maintains, as well as our benchmark that we have developed out of that database, and then we'll talk about the opportunity analysis itself and how financial institutions use what I will probably call going forward, the OA; and how they use that in their marketing and retail planning programs.

Then I'm going to focus on a case study. First Financial Bank NA, out of Indiana. A couple of webinars ago, we had representation from the bank. We had their retail VP on one of our webinars with us, who went through this information firsthand. Unfortunately, she is in the middle of planning for the bank right now and because of that, she is unable to attend today's webinar; but I will share with you later on the information that we put in front of previous webinar attendees and I think you'll find that to be of most interest.

So as I said, in my role at Harland Clarke, I am a strategy director and I probably work with; I want to say on a day-to-day basis, probably upwards of 200 financial institutions. Various asset sizes, all around the country, some of them are banks, some of them are credit unions. Regardless of where I go, here is what I hear to be the top challenges, and they're probably your top challenges as well. It is not just acquiring, but it is retaining account holders. More and more I hear from financial institutions that they are struggling to hold on to senior account holders, those account holders who reach age 65 and older, particularly among those financial institutions who may be north of the Mason Dixon line. At the same time, they're struggling to acquire younger customers or younger members, if you're a credit union. So in effect, they've got a hole in their account holder bucket; they've got a hole where they're seeing a lot of older customers, older members flow out the door and unfortunately that spigot that is replenishing the bucket just isn't doing it at the rate where, from a net perspective; financial institutions are growing their account holder base.

We're seeing a continued pressure on that interest margin and so that declining spread is really impacting profitability, and regardless of where I go, the asset side of the balance sheet is an issue. Across the board, financial institutions are looking to implement marketing programs which will help to grow their loan portfolios; whether it be home loans, home equity loans, auto loans, credit cards – across the board, financial institutions are focused on growing that side of the balance sheet.

Doing all of that has become particularly challenging because of the ongoing roll out of regulatory issues. Dodd-Frank, for example, we know that only a fraction of that has been implemented thus far; and it seems like hardly a month goes by where new regulations get rolled out. The challenges just get a little bit more daunting for us. At the same time, many financial institutions are dealing with technical

constraints. Outmoded core systems that probably should have been replaced years ago are impeding the ability of financial institutions to operate as effectively as they'd like to. In some cases what I see, financial institutions are hamstrung by the fact that their CRM systems are just not quite up to snuff. Many are lacking MCIF systems, so they're unable to really identify where their best sales opportunities are.

So all of these challenges are facing financial institutions and, increasingly what I see is marketing and retail people under pressure to make sure that the marketing and retail plans that they put into play are efficient and effective, but more importantly; measurable. I read a study recently, that came out of Ad Week; where the majority of CMOs out there, when they set their plans for the upcoming year, are basically doing it with blindfolds on and going more by feel than by experience or by what the data tells them they should be doing. What I see more and more is CMOs at both banks and credit unions being put under pressure by their CEOs, by their boards, to make sure that whatever dollars are being spent; the results are measurable.

When I do talk to marketing and retail people, on the flip side of what we just talked about, here's what I hear to be their key objectives or their priorities. Acquiring new account holders, but not only new account holders, but the right account holders. So a little bit of a shift from where we may have been five or ten years ago where the focus was just let's bring people in the door; now increasingly what I see happening is bringing the right account holder in the door. That account holder who's going to establish a deep, product relationship with the bank or credit union. That account holder who's going to bring in wallet share; whether it be deposit dollars or ultimately turn to the financial institution in order to help them grow their loan portfolio.

Lastly what I hear marketing and retail starting to talk about increasingly, is channel shift. It's bringing in those account holders who are going to do business with them through the channel that is most cost effective. And to that, I want to show you all this. This is a Javelin study, it's a couple years old now and so in some cases the costs may have altered a bit, but probably not a whole lot. Here's, in my mind, what really exemplifies the focus on channel shift. Let me go through these numbers for you. According to Javelin, a transaction that takes place in a branch; whether it's at the teller line or maybe somebody's at the platform desk, getting information, depositing a check, taking cash out, moving money from one account to another – whatever it happens to be – that in-branch, in-person transaction on average is costing the financial institution $4.25. So that person right now, while you're on the phone attending this webinar, that person at your branch who's at the teller line; that particular transaction is costing your financial institution four and a quarter. If I can move that transaction over to my contact center, look what happens. I take that transaction cost from four and a quarter down to $1.29. If I can get that same account holder to maybe make that deposit via an ATM, or maybe go check their balance on an ATM, or maybe make a deposit at an ATM; I'm able to take that transaction cost down to a dollar and a quarter. But interestingly, look what happens. If I can get the customer to go to my online banking site and move those funds, check their balances, open up an account, apply for a loan; I take that transaction cost down to .19, and even better still; if I can get that account holder to do that transaction over my mobile banking platform, it brings the transaction cost down to .10. So huge difference. So that's what we talk about in channel shift. We want to bring in new customers, we want to bring in new members

who, from a cost perspective; are going to do business with us the way we ultimately would like them to do business with us, via those digital channels, in order to make us a whole lot more cost efficient.

Now from a Harland Clarke perspective, just to sort of level set the ongoing conversation that we're going to talk about, when we talk about the opportunity analysis; our own approach to marketing is truly a lifecycle marketing approach. Our focus is helping a financial institution to, as you look at the continuum starting at the lower left going to the upper right, it's helping financial institutions to generate awareness. Acquire new account holders, not just new account holders, but the right account holders. It's helping to generate activation and utilization of products and services through onboarding programs. It's talking to existing account holders, whether they're customers or members; through cross-sell campaigns and retention campaigns to deepen wallet share, deepen product penetration, lower attrition. Ultimately, as we go from one end of the continuum all the way over to the far right-hand side; our focus is helping to generate a more loyal account holder who will have that product penetration, who will have dollars either on deposit or borrowed from the financial institution and ultimately who will retain their relationship with that particular financial institution.

So as part of the opportunity analysis, we talk about data. Data is going to be a big part of our presentation today and, as part of that, understand that the opportunity analysis is really a diagnostic evaluation of your financial institution's data. The end result is we provide financial institutions with insider information on your account holder portfolio. Where are those opportunities to sell more product and service? Where are those risks where we may, through an analysis of your data, through an evaluation of your data; where are those risks? Where are those account holders who show potentially the likelihood that they are going to attrite and drain balances from the financial institution? So opportunities and risks are a key output of an opportunity analysis.

Another key benefit of an opportunity analysis is we're going to benchmark your data against our industry data. We'll talk more about our industry data in a moment. We're going to provide you with benchmark information to show how your product penetration, to show how your overall product balances compare against the benchmark of your peers. Having been for many years on your side of the house, we always know how our financial institution is performing, but it's oftentimes very beneficial to know how we stack up against the competition; to know how we stack up against like-sized financial institutions. The benefit of the opportunity analysis is we're going to provide you with that comparison, so when all is said and done, you'll know how your performance compares to like-sized financial institutions.

The last benefit of this diagnostic evaluation; and this is something that I believe the opportunity analysis provides that similar programs don't, similar programs that you may be familiar with but here's a key differentiator: when all is said and done with the OA, Harland Clarke is going to provide actionable recommendations that your financial institution can employ. All of these recommendations/best practices, are going to also allow you to measure the results of any initiatives that you implement.

So like you, in my former life, I sat through plenty of presentations like an opportunity analysis; deep dives into our data. Two, three, four hour long presentations during the planning process that provided

all sorts of great information; but when all was said and done, what was lacking were those recommendations/best practices – information that I could easily put into play in order to take advantage of those opportunities, in order to minimize those potential risks that were evident through the data dive. More often than not, sitting in those presentations, the three-ring binder that I would get at the conclusion; would ultimately end up in a bookcase in my office to never see the light of day again.

So this fourth bullet point; actionable recommendations and/or best practices, that provide measurements that you can bring back to your CEO or board, this is a key differentiator that really spells the difference between a Harland Clarke OA and other similar programs that you may be familiar with or already may have experienced.

Let's talk about this industry database that Harland Clarke uses as part of the opportunity analysis. This comprises the benchmark that we're going to use to compare your financial institution's numbers to help you get a better feel for how you're performing. The benchmark that we use, our database; some 55 million households, 132 million accounts, it is updated on a quarterly basis. Again, when we present an opportunity analysis; oftentimes a financial institution will say I don't want to be compared to the whole benchmark, I really only want to be compared to that segment that falls within my particular asset size, for my particular geography. Or I'm a bank, not a credit union, so I don't want to be compared to credit unions and vice versa; I'm a credit union, not a bank, I don't want to be compared to banks. So with our industry database we have that flexibility to provide a benchmark based on asset size, or based on region, or based on the type of financial institution whether it's a bank or a credit union.

Of course all of the information that goes into our database is protected. It's all confidential information, so we do not share with any financial institution the specific results of any institution within the database; everything is kept confidential. The database is presented as a whole, rather than segmented out institution by institution.

So as part of the opportunity analysis, look at it this way, there are six key components to the OA. Let me start all the way over to the left hand side here. The value segmentation. We are able to segment account holders by their purchase potential and by their attrition propensity. We're going to go into that a little bit deeper in a minute, so hang onto that for a second. We'll look at attrition. We're going to show you your attrition numbers; and identify where those risks exist based on the likelihood that your customers, your members, your account holders may either drain balances or ultimately close their accounts with you altogether and move on to another financial institution.

Now the product assessment. While we're able to look at product or unit penetration for each type of deposit product, each type of loan product, each type of what we call engagement service; online banking, bill pay, debit cards and compare that penetration to the benchmark.

We then break out new account holders. So we take a look at those account holders that have been with you up to a year, and we provide a deep analysis of those account holders, showing you the penetration relative to products and balances; and comparing that to the benchmark of new account holders at other financial institutions.

Then from a performance benchmarking perspective, we've talked about the key component is to compare you to the Harland Clarke database. That's the differentiator in action plan. When all is said and done with the Harland Clarke opportunity analysis, we're going to provide you with steps that a financial institution can implement in order to take advantage of all of the data in front of you. In effect, Harland Clarke is going to hand hold a financial institution to show you how to take advantage of the opportunities, how to minimize those risks; ultimately how to get from point A to point B with your marketing and retail endeavors.

Value segmentation is a component of the opportunity analysis. Let me spend a moment on this particular slide, and let me address your attention to the boxes on the right hand side. So through a proprietary tool called Stratics, S-T-R-A-T-I-C-S. Stratics is Harland Clarke's proprietary propensity model. It allows us to identify your account holders' likelihood to either buy more product and service from you, or drain balances and eventually close their accounts with the financial institution. Now Stratics, some of you may be familiar with tools like this. Oftentimes tools like this are basically demographic based. In other words, I think for example a tool like Claritas; it's looking at lifestyle, it's looking at census tract location and basically it's saying folks who live in this particular neighborhood exhibit these kinds of buying patterns, these kinds of qualities, etc. etc. Based on that, your account holders who fall into these age segmentations, geographic segmentations; they display this kind of propensity.

Here's where Stratics is different. Stratics is based primarily on banking behavior. There is some demographic; primarily age, income, home ownership and that's pretty much about it. After that, Stratics is based on some 600 different banking behaviors. So with Stratics, and as part of the opportunity analysis, what we do is we segment your account holders into one of seven different buckets. Those buckets are what these blocks are on this particular slide.

So for example, let's go to the upper right hand corner, High Touch. Those account holders who end up in that High Touch bucket, those are account holders who we call high risk, high potential. Now why is that? If you look at the X-axis diminishment propensity, this measures likelihood to attrite. Likelihood to drain balances and eventually leave the financial institution. If you look at the Y-axis purchase potential, this is measuring the likelihood that an account holder is going to be in the market for more product and/or service. So the X-axis as I go left to right, the likelihood to attrite increases. On the Y-axis as I go bottom to top, the likelihood to purchase more product and service increases. So let's go back to the chart; High Touch, upper right hand corner.

High risk, high potential, who are they? Those are your account holders, based on our Stratics analysis, who show a likelihood to attrite for the financial institution; but also a likelihood to buy more product and service. Typically those account holders who end up in that bucket are usually younger, professionally employed, higher income, at that life stage where their need for more financial products and services is heightened.

That High Touch Elite bucket way up in the upper right hand corner is just a more pronounced subsection of those account holders who show a very strong likelihood to attrite but also a very strong likelihood to buy more product. Usually these are people that you want to reach out to. Usually these

are people that your competitors are reaching out to as well because, again based on where they are in their life stage, their need for financial products and services is heightened.

If you go clockwise, Aggressive Cross-sell. Those particular account holders, they're not as likely to attrite from a financial institution, hence they end up on the left side of the X-axis; but because they're on the north side of purchase potential, they tend to exhibit purchase potential pretty similar to what you see with those two High Touch buckets. So that Aggressive Cross-sell; low risk, not likely to attrite, much more firmly planted with the financial institution, advocates of the financial institution, tend to have been with the financial institution a little bit longer than those account holders in the High Touch and the High Touch Elite buckets – but also present an opportunity to buy more products based on their age, their income, so on and so forth.

As we go around the horn here and continue to go counter clockwise, Loyalty Elite and Loyalty. Not likely to buy more product based on where they sit on the Y-axis, and not likely to attrite from the financial institution. Those account holders typically tend to be older, long tenures with the bank or with the credit union, in some cases beyond that life stage where their need for more product and service would be pronounced; but again you can laser focus certain products to those folks in these two particular buckets.

That's one of the benefits of Stratics. You're not reaching out to account holders with a portfolio of products and services. Stratics allows you to be pretty laser focused in one or two or maybe three products and services where you see opportunity. Those account holders in that Loyalty bucket typically are those account holders who make great referral sources for a financial institution. As I mentioned they typically tend to be older; these are oftentimes the account holders who are going to refer the grandson, the granddaughter, the niece, the nephew, the neighbor, the work associate to your financial institution.

Lastly, that Relationship bucket all the way over in the right hand corner. Likely to attrite but also not likely to buy a whole lot of products and service from you unless you are focused on a particular product or service that these particular account holders will exhibit. Oftentimes, your biggest balances are with these particular account holders, hence the term 'Relationship'. They're risky based on where they sit on the X-axis, and these may be particular account holders that you want to reach out to with different types of messaging in order to make sure that they do not attrite from the financial institution because, should they attrite; they're going to put a pretty significant dent into your deposit and balance portfolios.

So that's one of the outputs of an opportunity analysis is this schematic if you will that results from our Stratics proprietary propensity model. A very useful tool to help you to be very focused on particular products and services, and very focused on who you want to target those products and services to. In many ways, this particular chart really exemplifies a benefit of direct mail. Unlike mass media advertising where you're talking to the masses, with this particular tool; it allows financial institutions to put into play direct marketing campaigns that are focused only on delivering the right message, the right

product to the right account holder who shows the likelihood to either buy more or certainly stay put with that financial institution.

So all of this data, what do top performers do? Some of this we've gone through, but here's what I see financial institutions doing, is gaining that insider information. Right? This is the benefit of the opportunity analysis. It's identifying those significant opportunities and risks, it's performing the analysis to look at where my best deposits, my loans, my engagement service opportunities exist; and as we said early on, it's ultimately developing those action plans that can be measured in order to make sure that we can come back to our CEO and our board and show them how we're spending our marketing dollars and our retail dollars.

The six things I see financial institutions do when an opportunity analysis is completed: It's taking advantage of all that data to increase their marketing effectiveness. It's being able to prioritize what they should be doing from a marketing or retail standpoint so that the value and the potential return . . . only those programs that provide value, that provide the highest return, are ultimately implemented. Because we know where those opportunities exist, and with a proprietary propensity tool like Stratics, we're able to get down to the account holder level. Our messaging, our focus is on the account holder. We're really able to laser focus the message to the appropriate account holder.

When all is said and done, it allows financial institutions to invest smarter with their marketing and retail dollars. When all is said and done, it allows financial institutions to grow wallet share. One of the keys with an opportunity analysis, when we're looking at ways in which we help financial institutions to stack that deck in their favor, is per our input and our assistance; it's helping to ensure a financial institutions align all functional areas of an organization to make sure everybody is marching in one step and the messaging, the focus is prevalent throughout the entire organization. As a former marketer and retailer in the financial services world, one of the challenges that I always found was making sure that the other functional disciplines within the financial institution were aligned with my goals and objectives. With an opportunity analysis, when a presentation is made before a bank or a credit union our recommendation is that senior management be in the room; that the CFO be there, that the CEO be there, that the CMO be there, that the chief information officer be in the room, that the chief retailer be in the room, that the chief lender be in the room so that everybody hears the same story – so everybody hears the information that comes out of an opportunity analysis and fully understands where the risks and the potential exist and understands those recommendations that are soon to be employed and is marching in concert to make sure that those initiatives are employed in as fast a manner as possible and the messaging and the effort extend from one organization to the other.

With an opportunity analysis and with that purchase propensity model called Stratics, we're able to identify opportunities on the deposit side, the loan side, even the brokerage and investment service side and the electronic services area as well. But let's talk for a moment about brokerage and investment services. Out of an opportunity analysis; we're going to identify for you those customers, those members, those account holders who show a propensity for an investment service relationship. Now oftentimes when we go through an opportunity analysis and present this information, sometimes financial institutions will sort of shudder at that information and ask, "Why is it important for us to

understand where those annuity and those mutual fund and those brokerage opportunities exist?" The reason for that is because based on our analysis, we know that those account holders who have a relationship with an investment services adviser at a bank or a credit union, are typically the ones who have the most balances with the bank or the credit union and the deepest product penetration with the bank or credit union.

Now, those of you who are on the phone who have been around long enough may remember 20 years ago, 25 years ago; when we started bringing the investment advisers onto the platform floor. Many of us did it kicking and screaming. We put those investment advisers in the corner of the building that had the least air conditioning in the summer and the least amount of heat in the winter. It was sort of a necessary evil that we had to bring those folks onto the floor. Our fear was called disintermediation. We thought that those investment advisers were going to take dollars out of our portfolio and shift them through the broker dealer to another alternative source. In reality, that never happened. In reality what happened, as I just said, those account holders who have a relationship with an investment adviser have more products and balances with us than anybody else. So as part of an opportunity analysis, we're going to identify for you those account holders who do show an investment service opportunity, who show the potential for a relationship with an investment adviser; and that is certainly a good thing.

Out of an opportunity analysis, as I mentioned, we're going to provide the financial institution with assistance on how to put into play all of the data that comes out of the OA. This is a sample marketing plan that resulted from an opportunity analysis.

This is an aside; in my role as a strategy director at Harland Clarke, I deliver the opportunity analysis. I probably deliver an opportunity analysis once every other week. I do that around the country, both banks and credit unions, at financial institutions of various asset sizes.

In order to differentiate this exercise from what many of you may have gone through in the past, we will put together a game plan for you in effect. Based on best practices of what other institutions do with the information emanating from an OA, as well as what we believe in our role, the key things you should do in order to take advantage of what the data is telling us.

So this is a sample of a very simplistic marketing plan that we started for a financial institution. If you look at the yellow bars, these are some of the programs that in reality, this institution implemented. Again, this was information that came out of the OA. Onboarding. As you can see as you go all the way over to the left under that onboarding yellow bar; this is an onboarding program that encompasses a welcome 30, 60, 90 day letter. Now, why did we recommend onboarding? We recommended onboarding because when we took a look at the new account holder data and compared it to the benchmark, with this particular institution what we found was new account holders had shallow product penetration in things like checking and in loan products and in engagement service products. So this type of an onboarding program is focused on helping this particular financial institution to deepen its checking penetration, to sell more loans to those new customers or those new account holders, to deepen penetration with things like online banking and bill pay and debit cards. So the data that we

presented to the institution, loud and clear said new account holders not that deeply engaged, onboarding would help.

The next yellow bar is a Cross-sell program. In this case, this particular institution among its existing account holders had low loan penetration. So utilizing Stratics and identifying customers or account holders who show a propensity for certain loan products, our recommendation was an every other month cross-sell program primarily focused on deepening loan penetration among existing account holders.

The next program is a Recapture program. Again this particular financial institution had low loan penetration relative to the benchmark. So what our recommendation was to this financial institution was to implement a recapture program where we would identify account holders who had particular loan products at other financial institutions and reach out to them with a refinance opportunity. This is a program we recommended be implemented quarterly.

The next program is called Shopper Alert. It's a trigger based program and because this institution had low loan penetration, shopper alert is a trigger based program that helps this institution to identify when its account holders are shopping for a loan at another financial institution other than their own. So it helps them get into the game with their own account holders who may not understand that they could get an auto loan, or a mortgage, or home equity, or credit card from their institution. It allows the institution to reach out to them. Albeit the account holder has already applied for the loan somewhere but as we know, a big chunk of our game is all about convenience and if I can have all of my products at one institution, rather than having to schlep around all over town; all the better.

The next program is a CD Maturity program. This particular institution had high CD penetration. More than likely your institutions these days and probably for the last several years, have been shifting those CD dollars into money markets and savings accounts and checking accounts, maybe even into alternative investment products in order to lower your cost of funds. This institution, because it was very evident that they had a high penetration of CD account holders compared to the benchmark; our recommendation was move those dollars into those other deposit products or to an investment service relationship in order to lower their cost of funds, deepen product penetration, overall make the account holder happier because certainly through an investment service relationship and potentially an annuity, they're going to see a higher return on their dollars than the would through a CD – which these days are probably paying 25 basis points over the course of a year.

Another program is a Retention program; focused on retaining the best account holders at this particular institution. Through the Stratics analysis; we were able to identify customers who had strong balance penetration, strong product penetration with the institution – but also showed a likelihood to attrite. They were targets of other financial institutions and they were potentially on the receiving end of marketing messages from competitors. So our recommendation to this particular institution was the retention campaign targeting their best account holders in order to A. Ensure that they do not attrite from the institution, and B. Stay on top of their upcoming product and service needs by conducting a needs based analysis through an outbound tele-consulting campaign.

Then our last recommendation for this particular institution was a HELOC Activation and Utilization program. The data told us that this institution had a pretty significant HELOC portfolio. At the same time, the data told us that upwards of 50% of this institution's portfolio was either inactive or under utilized, and our recommendation was every other month reach out to those HELOC account holders who either had never activated their HELOC or had plenty of space in their line of credit; and reaching out to them with examples on how they could put their HELOC to use for them in order to help them afford things like updates around the house, autos, education, vacations, etc. etc. So some of the output of an opportunity analysis portrayed on this particular slide.

So as I mentioned, and we're getting close to the end here, I want to make sure we leave some time for questions; but as I mentioned at the outset, I wanted to bring up an example of First Financial NA. This is a financial institution based in Indiana. A couple of webinars ago, we were fortunate enough to have a representative from the bank join us on this presentation. She walked us through this case study. She's not able to be here today, but gave me permission to walk you through it on her behalf.

So First Financial Bank NA, just a little bit of background about them. They're based in Terre Haute, Indiana. About three billion in assets with seventy-three branches. They serve 46 communities in Western Indiana and Eastern Illinois. Their challenges. . . their previous marketing programs were not producing the kind of results that they were looking for, that allowed them to grow and at the same time increase wallet share among existing customers. In addition, another challenge for them was what they saw as diverse markets. They had some legacy markets where they had some pretty good product penetration, but then they were venturing into some new market areas where they knew their numbers were probably not as strong as they could or should be, and they saw lots of opportunity to grow relationships with customers in those new areas.

They were looking to Harland Clarke to provide consultative information to them on what they should be doing. They knew they had opportunities, they knew they had risks, they just didn't know where to start. This particular financial institution turned to Harland Clarke for an opportunity analysis. In fact, I delivered that opportunity analysis about two years ago now, in November of 2012. Out of that opportunity analysis, we identified a number of things that they could do. There were cross-sell programs, they had opportunity for onboarding. For a variety of reasons, new account holder relationships were not as strong as they could be. Through the opportunity analysis, we also saw the opportunity to grow the small business portfolio.

Out of that eventually developed a change in the way they plan and, for them, it led to the creation of a yearly marketing calendar. In fact, I was there about a month ago helping to initiate the 2015 planning process. So since we delivered the opportunity analysis a couple years ago, we have become very closely involved with this institution to help them with their marketing and retail planning and implementation.

So based on the opportunity analysis, here's what resulted. A direct mail campaign, supported by email. So they're taking a two channel approach to everything they do. An onboarding program was implemented about a year ago. It's the welcome 30-60-90 day kind of program that we mentioned and that's followed up by email. We would recommend follow-up by telephone, but those of you who may

be in Indiana or know Indiana, the outbound tele-consulting laws in Indiana are probably the most strict in the nation so their hands are a little bit tied on what they can do with outbound calling.

We also initiated a quarterly cross-sell campaign that began last year. Their focus is on cross-selling checking, auto, home equity and mortgage. Now in that market space in Indiana, unlike a lot of the other geographic areas around the country; home equity really never got hit at all, if at all. So there are still lots of customers and potential customers out there who have equity in their homes. Again, this is a postal mail campaign with these cross-sell endeavors followed up with email.

We implemented a small business acquisition campaign where we targeted potential small businesses within their market footprint. What we did is we conducted a series of mailings to those prospects, first and foremost focused on helping the financial institution gain recognition among small businesses that they could turn to First Financial for small business solutions. The perception was that small businesses did not realize that the bank would be a resource for their particular need. So our focus with this direct mail campaign was around generating awareness with follow-up either phone calls or knocks on the doors by business bankers at First Financial.

Lastly, lots of HELOCs. Lost of inactive and under utilized HELOCs. So we initiated a three drop activation and utilization campaign to help this institution build up its HELOC portfolio.

Some of the results; onboarding – we see after about a year now being in the onboarding space, a little over 2% return right now and on the cross-sell, a little better than 8 ½ % return. To put those numbers in perspective, the Direct Marketing Association says in the banking and the credit union world, any direct mail or any direct marketing campaign – a well run direct marketing campaign; should generate a 1 ½% to 2% return. In this case, onboarding a little bit better than that; cross-sell better than four times better than what the DMA says is a well run campaign.

So what else is happening? The bank has continued with onboarding through 2014, their plan is to continue it again in 2015. They've conducted those quarterly cross-sell campaigns; again focusing on checking, auto, home equity and mortgage. Just like onboarding, the cross-sell campaigns will be followed up with email. These programs continuing to run in 2014 and the plan is to continue them again in 2015.

Right now, we are working with the bank to develop a brand awareness campaign for those growth markets that we talked about, where they see among their existing customers in those new markets that they've got lots of opportunity for certainly loan grown and certainly checking growth. They're implementing that trigger based Shopper Alert campaign that we talked about to help them grow their loan portfolio. In this case, the institution is going to focus on mortgages, auto loans and personal loans.

And then recapture or what we call Refi Genius. This is the campaign where we've identified for the financial institution through the opportunity analysis that they have a lot of customers who have mortgages and auto loans at other financial institutions. So through the Refi Genius program, first financial is going to reach out to their customers who have a mortgage or an auto loan at another financial institution and encourage them to refinance that loan with First Financial.

With that, that brings us to the end of today's opportunity analysis. As I mentioned at the beginning, you could ask any questions you might have on our chat screen. I'm going through that right now and I don't see any questions that have popped up through chat. Matt, would you be kind enough to come back online and tell our attendees how they can ask a question over the telephone if they so desire?

Matt: I would be happy to, thank you. Ladies and gentlemen, if you'd like to ask a question, please signal by pressing *1 on your telephone keypad. If you're on a speakerphone today, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, that is *1 to ask a question over the phone line.

Stephen: And as Matt is waiting for someone to ask a question on the phone, I'm just perusing our chat screen here and I don't see anything. Matt, any takers on the telephone line?

Matt: Currently no questions on the phone line.

Stephen: Alright. Well with that, it looks like we have no questions, I must have done a good job in thoroughly explaining the opportunity analysis. You are going to get, at the conclusion of today's presentation, a survey. If you would like a follow-up or any more information on the opportunity analysis, please indicate it on the survey and we will make sure that someone reaches out to you as quickly as possible; in order to answer any questions you may have about the OA, give you a deeper overview of how the program works.

With that, Matt, thank you very much. Everyone, thank you for attending today's webinar. Be on the lookout for a video replay of the webcast, that should be sent to you within the next week; and also be on the lookout for future Harland Clarke webinars. Lots of good stuff to help your financial institution continue to grow and prosper.

Thank you all and have a great day.

© Harland Clarke 2014