



Harland Clarke Loan Engine Webcast 10/21/15

Perpetually Prescreened Loans – Empower Account Holders and Increase Loan Volume Webcast

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Presenter: David Buerger, President and Co-Founder, CUnexus Solutions, Inc.

Jeb: Good day, and welcome to the webinar. Today's topic is Loan Engine: Empower Account Holders and Increase Volume. 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 questions, please use your Chat function located in the webinar control panel, and your questions are private and only seen by the presenters. I will now turn over the call to Stephenie Williams, Senior Marketing Strategist at Harland Clarke. Stephenie, you have the call.

Stephenie: Great. Thanks so much. Let's go ahead and get started. Today, speaking about our Loan Engine solution are myself, Stephenie Williams. I am a strategist as Jeb indicated with Harland Clarke Marketing Services. My focus is on our full Loan Ecosystem, and I'm joined today by Dave Buerger, President and Co-Founder of CUnexus Solutions, the developer of the software solution that powers Loan Engine.

Dave: Hi there, everybody.

Stephenie: Thanks, Dave. Today's agenda, we're going to walk through a few things. Definitely, with the number of financial institutions that Harland Clarke serves, we're very familiar with many of our clients being challenged to optimize their loan volume, trying to get that loan-to-deposit ratio in the healthiest form possible. Also recognizing it requires multiple solutions in order to solve. We're going to walk through, in particular, how Loan Engine and perpetually prescreening your portfolio for loans can help drive some healthy loan growths. Then we'll dive into the solution with a live demo, so you can experience what your members or customers would experience by leveraging this tool.

Let's start out first with a general understanding of where Loan Engine sits within the full complement of loan marketing solutions Harland Clarke calls it's Loan Ecosystem. The Loan Ecosystem provides four primary acquisition tools today to allow you to optimize your loan generation machine. These are rank ordered in terms of the response rate that they are able to deliver. The first solution you see here is Shopper Alert. That is a trigger-based program allowing

you to monitor your existing customer base or monitor a geography for prospects that are out shopping for loans, and it enables you to receive information on those that are seeking loans based on the type of loan they're looking to find as well as help you deliver a prescreened message making sure that those individuals that are triggering are also credit qualified. That audience, because it's in-market shoppers, has an extremely high response rate.

Loan Engine, which we're here to talk about today, is a solution also in the prescreen space. It's focused on your existing customers or members. It delivers multiple preapprovals to your customers allowing them to really be their own banker. Looking at what their current purchasing situation is, and the assortment of lending options they have available to them. It is a large population; generally, about a third of your customer base. It delivers a very high response rate.

The last two programs are a bit more traditional in lending programs, lending campaigns that you may have conducted in the past. They too are in the prescreen space. Refi Genius is focused at a rate and term refinance offers for auto, home equity. Really, any loan type, but it looks to compare what the member or customer is currently paying in a monthly payment to what you might be willing to offer them in a monthly payment. The message is very loud and clear around the savings they might hope to achieve on a monthly cash flow. Then Loan Magnet is really what you would think of as your traditional workhorse leveraging propensity models for certain products. Just going out and identifying either a prospect or a customer populations that are credit qualified. That's really our Loan Marketing Ecosystem, and Loan Engine is what we're here to focus on today.

What is Loan Engine and what does it offer? It really offers the ability to expand your capabilities, and leverage some of the existing technology you have in place for your institution. The existing technology of online banking and mobile banking, it integrates with those systems to present offers to your existing customers or members. What you see here is an example, which will be very similar when Dave gets into the demo later, but this is sample within a Digital Insight mobile and online banking platform. What those offers might look like. It does include the integration of risk-based pricing capabilities. It is, again, within your online and mobile banking environment, so it's branded. It's a consistent look and feel with what your members or customers would expect from your institution.

Just a little bit of reiteration of what I mentioned about how Loan Engine fits in in terms of what it delivers from a results perspective. Imagine if you will, this pyramid represents your organizations full loan application volume that's

needed in order to achieve your loan goals. As you can see from the diagram, each of these segments delivers a part of that overall goal. They all have a role to play, and there is no single silver bullet, if you will. Groups 1 and 2 represent marrying together the power of Shopper Alert, both with your existing customers and with prospects, while Segment 3 represents the component that Loan Engine can deliver in achieving your total goal. Then Segment 4 is really that Loan Magnet, Refi Genius component of what they can add as incremental loan volume.

Now that we understand where it sits in terms of the solution it provides and the volume it delivers, let's take a look a little bit deeper at the benefits of Loan Engine. As I mentioned, we are in the prescreen space. We are in the space that you're looking to offer prescreens on home equity, auto, credit card, personal loans. We have clients working with this solution that do boat, RV, motorcycle. Really, it's only limited by your imagination and your product offering. This solution, as opposed to a single standalone direct mail, or email campaign, or even a phone campaign, it delivers the message about their preapproval status across every touchpoint: direct mail, email, and online banking, mobile banking, through a call center, at the teller line. Really, allowing the customer as many impressions and helping increase their understanding at every turn. As I mentioned previously, it does incorporate the ability to support risk-based pricing if that's something that you're currently doing on your portfolio.

Jeb, if we will, why don't we take a quick poll? Since this isn't a prescreen space, let's go ahead and take a look at – if you wouldn't mind answering this poll question. Is your institution currently conducting credit preapprovals? That additional information helps us position the rest of the conversation appropriately, and then we'll have – we have a follow-up question of how you're presenting those preapprovals to your customers and members.

Jeb: All right, it looks like we've had – more than half of the folks have voted already, so we'll move on to the next question.

Stephenie: Thank you. Oops, it slipped off. There we go. Is your institution presenting preapproved offers in online and mobile banking? If you can just give us a little bit of feedback of if this is brand new to your organization or if it's old hat.

Jeb: Okay, we've got about half the folks voted, and it's roughly split even-even.

Stephenie: Okay, great. Thank you, Jeb. We can go ahead and move on to the next slide. We'll talk a about a little bit more about the benefits. This is the part that I get really excited about as a consumer and as a long-time lender. I've been in the lending space more than 20 years, and have always been faced by the challenge

how do you outsmart the consumer? How do you think about what they're going to buy next? How do you predict it with data?

Loan Engine's a real paradigm shift. Loan Engine takes it away from trying to predict their behavior to – much like as consumers we've grown and the ability to research information and form our own decisions based on our research, Loan Engine helps facilitate that type of thinking. What it does is it allows the member or customer to know what their buying power is. Rather than just simply providing them with their FICO score on their credit card statement or loan statement, this tells them what that score really means in terms of tangible offers of credit that your institution is willing to partner with them on. It eliminates the uncertainty for the member or the customer that I'm going to fill out this application and it's going to go into a black hole. It lets them know right up front it's – they're eligible for it. They just need to redeem.

It presents multiple options all at one time, so think about a consumer that might be looking to purchase a second vehicle. Maybe it's a smaller dollar vehicle. They might see that they have a used car loan available to them. They might also see that they have a home equity available to them. They can make the choice based on the payment that they can afford. This example on the screen shows what the mobile banking experience is like. It goes from View, where they can view and actually model the payment. Because let's say their approval limit is more than what they actually want to borrow. They can make those adjustments. See what the interest rate impacts are, and ultimately, what the payment impacts are. After modeling, they have the ability to accept that offer, and then submit their redemption request.

We're ready to look at what the financial institution can benefit from in this process. It allows you to promote all loan types. In the historical model, when you were going out with a loan promotion, typically a financial institution is going to promote something like a home equity, and many will also promote an auto loan. The reason being is the response rates and the corresponding balances are strong enough to allow that promotion to provide a significant return on investment. Leaving other products, in most cases, like personal loans, boat, RV to fend for themselves and depend on through-the-door traffic to meet their goals. Because you're going and doing the Bureau and you're doing that credit evaluation all at once, all the products are going to get some shelf space in this process. Ultimately, that helps the financial institution reduce their loan acquisition costs and increases your return on investment. What we find in working with clients is, on average, they're getting a 3.5% or higher response rate, and as Dave goes through the demo, he'll probably pepper in some other client experience as well. What that 3.25% represents is, of all the members or

customers that are made offers, 3.25% are converting and actually taking out at least one loan.

We can move on. How does this work? As you might imagine, in the prescreen space, there's a lot of moving parts. It starts with provision of your existing member or customer file. We will get that from your institution once per quarter at the beginning of the campaign. We will take that customer file or member file along with criteria for a default credit product offering. What I mean by default credit product, it's going to be a credit product that your customers or members are likely to have more than one of with your financial institution.

What we typically find is auto loans, because it's secured by a vehicle, allows for more members or customers to pass. Meaning it generally accompanies a wider FICO range for that approval. We take your members or customers along with that default credit criteria to the Bureau. We identify those members or customers that pass. We bring those passing customers along with 20 to 25 credit attributes back into our software platform. In that decision platform, we're able to assign additional product offerings. In this example, it shows starting with the auto and layering in credit card, home equity, and personal loans. Like I said before, we have many clients that are doing boat, RV, travel trailer, motorcycle, even snowmobiles, so depending on your portfolio of loans, those might apply.

Once we've assigned all those offers to your customers or members, then we start the marketing fun. That marketing, as you can see, all the channels are visible here. It starts with that in-person conversation with the teller or the member services representative. It continues into inbound or outbound calls at the telephone banking center. It includes a direct mail piece and an email to those that you have an email address for. Then it's also populated, finally, in online and mobile banking within that single sign-on environment. By presenting these offers through multiple channels and delivering multiple impressions, we see a tremendous response rate. Generally, we're seeing in about a three and a quarter percent response rate on average that are converting then to a preselected loan.

In this process, we provide you campaign analysis in a couple of fashions. We provide you with more real time information weekly on the number of members or customers that have redeemed. Then, at the end of the campaign, we provide you with a full campaign analysis. Not only showing you those that clicked through to redeem but those that actually funded. Based on those funded balances, we provide you with a return on marketing investment.

Dave: Stephenie, I might just mention that that 3.5% response rate is per campaign, so we're not – if you're talking about expanding this program out over the year to your customers or membership, that on a quarterly basis, 3.5% of those customers would be responding to the offers. That's consistent throughout the year.

Stephenie: That's a great distinction.

Dave: Yeah, we've seen those quarterly response rates reach over 6% in certain cases, so it really does – it cranks up the volume for sure.

Stephenie: Thanks, Dave. We'll just look a little bit deeper on the next slide with the information about what you can expect in terms of members actually qualifying. With the clients we're currently working with, we found on average about a third of your customers or members are going to pass your prescreen criteria. That can go up or down a little bit depending on the credit appetite of your underwriting team. If you know historically that you have tight underwriting standards, it might be closer to that 30%, and then if you have generous criteria, you might be closer to 35%. We have one client that we've seen as high as 40. Just keep in mind that's relative to your underwriting standards.

There's an important concept here with the filter to understand. That default offer that I mentioned before and we find that a lot of clients use auto as that default offer, we're trying to establish as large of a universe as possible. In a credit responsible way, we're trying to identify that large population. Then you have a good pool to pick from to assign the incremental second, third, fourth offers. That's the whole point of the default criteria.

Now let's take a look at what the direct mail piece that accompanies these offers looks like. Before you get overwhelmed, and you see that there are ten offers on this page, I want to share with you a little bit. Most of the clients that we're working with are currently presenting six to eight offers. This shows you the capacity of our direct mail format and reflecting up to ten offers. An important element of this process is how do you go and do a single soft Credit Bureau inquiry and make all these offers? In working with the Bureaus, we've identified the importance of the disclosure language. You'll see in the second paragraph that's drilled in here at the top, you can choose any one of the loan offers below. That's important language.

A customer or a member can select one of those offers as a preapproval, but additional offers, they're really looking at that as an invitation to apply. Because as we all know from a credit perspective, the acceptance of an offer could really change the complexion of that borrowing relationship with a member or a customer. That language is also repeated in the PLEASE NOTE where it says

taking advantage of one or more of the offers above may affect the status of your remaining preapproved offers. All that's doing is allowing you as the originator of the loan the ability to step back and evaluate the new condition of your borrower. All right, with that, Dave, I think we're ready to look at what this looks like in online space.

Dave: Great. Thank you, Stephenie. Just wait for the screen pass. There we go, great. Are we able to see my screen?

Stephenie: There we go.

Dave: Great. What we're looking at here is an example of our online banking integration. Those of you who work with Digital Insight, this will look familiar. Really, depending on which provider you work with, we can embed this same interface into virtually any online banking platform. In this case, it's Digital Insight. We have this tab here called My Offers, and everything you see underneath this tab is our interface. What we refer to as our online banking widget. What you can see here, we have seven offers on the table for this customer ranging from vehicles to credit cards and unsecured loans and even a home equity offer.

What I usually like to call attention to here is the opportunity that's on the table, the unparalleled transparency that's being provided to this customer having to do with their credit worthiness. They might know that their credit score is high, but they don't know what that means in terms of borrowing power until they apply for a loan. In this case, 365 days a year they can log into your online banking system. They can go to My Offers tab, and they can see exactly how much credit they have available to them over every product line that they qualify for and that you have to offer.

This really, like Stephenie mentioned, is a paradigm shift. It's giving them this perpetual loan approval, this insight that positions you as their lender of choice. Because if I log in today and I see all of this opportunity, all these offers, I might not be interested today, or next week, or next month. Six months from now, suddenly I'm interested in purchasing a motorcycle, and I'm going to remember because I've seen this time and time again that I have this preapproval waiting for me. I'm not going to think to apply for credit elsewhere when the loan I need is just a click away. We've given them that one-click experience when it comes to consumer lending, obviously, tempered with a lot of the risk-based lending criteria and everything that you use currently to offer your loan, so these offers are granted responsibly.

As I click and refresh the screen, we'll see that each individual customer or member in this campaign has a different set of offers. These offers are based on

– not based on propensity necessarily. They're based on relevancy and credit worthiness. What I mean by relevancy is, obviously, we're not going to offer a home equity loan to someone who doesn't own a home or doesn't – we haven't established that they might have equity in that home. We're not going to offer a home equity loan to someone who already has a home equity loan with the institution. There are a lot of conditions going on in the background that position the loans based on this context of who this person is and what their situation is. The same with the Visa card, this person probably doesn't already have a Visa card with XYZ financial, so we're presenting them with a Visa card. Then it's not just the offers that are changing, but if you look at this available credit amount here and the APR, when I refresh the screen, you'll notice that everybody's preapproved for their own credit limit based on their credit worthiness in their profile. Of course, when I say that, all these people are 35's and 45's. It's based on their tier structure, so your risk-based pricing structures.

I'll just stop here, and we'll look at one of these offers. We'll look at the auto offer. Now it's not just available credit and the APR that are personalized, but also, the available term length. If I look under here, I have different loan terms available, and you can see that I'm preapproved for 45,000. Maybe I don't need 45,000. Maybe I'm only interested in borrowing 23,000. You can see that it's calculating my payment down here based on that APR and that desired loan amount. If I change the loan term, maybe I want to extend my loan term out to 84 months. When I click on this, you'll notice the APR and the payment adjust, again, based on your existing pricing structures, so that way they can construct their own loan terms. They can see exactly not just how much they're qualified for and how much – at what rate, but really, how – if they accept this loan, how this affects their personal finances, what their monthly payment is, and it's just something that they're wanting to take on. It helps them make a responsible choice.

If we move through to accept the offer, they just click Accept Offer. They can read about your offer. This is your own customized language, and we can customize the icons as well. The disclosures for this product are behind this link here. They can just move through a very quick prepopulated form to accept this offer. You can see Alec Key. It's 23,000 he's interested in. Only thing that Alec needs to key in is a call back number. We could prepopulate that, but the reason why we don't by default is because a lot of times the phone number is not up to date in the core system which is providing the data for this. We have them put that in so we ensure that they have – you have the accurate information to respond to this lead.

Then they agree to the terms and conditions. They click Finish. They receive a custom product specific confirmation message. Your own messaging of what's

going to happen next. For a credit card, it might just say your Visa card is on its way. Expect to receive it in ten days. For a HELOC, it might say that someone's going to call you, and we need to set up an appraisal or what have you. That message is configurable.

Now you can see, in this case, that the loan is redeemed. All the other Accept buttons on this offer set have turned to Apply buttons. That's to protect you as a lender from someone going click happy and accepting a hundred or \$200,000 worth of credit all in one fell swoop. It allows you also to present all of these options, and it gives your customer the ability to tell you what they're interested in. Another shift in the paradigm here is that from a marketing perspective, historically, banks and credits unions have gone out with seasonally-based promotions: auto loans and home equity in the summer; back-to-school type loans maybe in the fall if they ever market those types of offers; Visa cards, maybe, in the holiday season.

Stephenie: Dave.

Dave: In this case, you can present all of these offers year round. There is no seasonally driven promotion necessarily. It's more just an informational – it's a softer sales proposition, but with a much stronger message. That's our online bank...

Stephenie: One of the things that...

Dave: Yeah, go ahead.

Stephenie: One of the things we get questions about, Dave, is do these ever turn back to a Redeem the Offer. This one and done that you just depicted, that's just for the campaign for the quarter. At the beginning of the next quarter, if this particular customer or member qualifies for all the loans that are gray, those will be reset, and it will be back to a green button allowing them to redeem at that time.

Dave: That's right, and we can configure these buttons as well. If you'd like these buttons to link directly to your online loan application, we can do that, or they can go through a default workflow, which makes it much easier on the customer as well. If they would like this motorcycle loan, they can indicate how much they're interested in and calculate their payment. Then they can click Apply for Offer. It's going to give them a message that says that because they accepted the new offer on the 21st, the motorcycle is no longer preapproved, but they might still qualify for this loan. Click through, and we'll give you a call, and let you know if we can take care of that request for you. It's really that easy. A couple clicks and they're done.

Now you received these loan requests. They arrive instantly, and you then fund those loans through your existing loan application system, whatever methods you use to fund your loan. These leads come in instantly. Think of this as an instant digital direct response piece. In the old school way of doing things, you might send a Visa card preapproval with a business reply envelope and a slip that they would sign and send back. In this case, this is happening instantly, and you can respond to that request right then and there.

We have several interfaces. This one I usually like to start with because it's easy to see everything up front, but if – depending on the real estate that the digital banking provider gives us, we can insert smaller widgets in other areas inside of online banking. In this case, again, with Digital Insight, we have the ability to embed this smaller window on the very first screen that people see when they log in, the account summary screen. I log in to check my checking account balance, and this box is sitting right below my balances. I have the same visibility into all my prescreened offers right here, and I can – in the same way as the tabs widget, I can accept an offer. If I want this HELOC, I can just click through. The same experience, indicate how much I want. There's no term length on a HELOC. Then enter my phone number, and click Finish, and that's it.

Stephenie:

One important distinction there, Dave, is that we have some clients that are trying to improve things like their email penetration rate. We have the ability to require either that phone number or the email address when the member or customer responds. It's another nuance that can help achieve other marketing goals as well.

Dave:

That's right. That's right. In all these cases, another feature we have for online and mobile, which is just an added benefit, is that in the case of your customers who are not preapproved, if they don't have any preapproved offers, you have the ability to display what we call defaults or no offers messaging, which turns these interfaces into a marketing window. You can place anything in here: invitations to apply, banner advertising for any ongoing promotions that you might have. You can put financial literacy information. Whatever it is that you want to present, it becomes just a value add that you – just because someone who's not preapproved for a loan doesn't mean that you don't get to utilize that real estate.

The other place where this is – these offers are present, or another place, is within mobile banking. Again, it's integrated into your existing mobile banking app so that they can – your customers can take these offers with them wherever they go, in their purse or in their pocket, and they can redeem them on their couch or even at the point of sale. Here we have, again, a Digital Insight interface. Our interface, again, is everything between the two – the top and

bottom menus. There is no scroll bar on the mobile device, but because I'm showing this on a browser, it shows up here. You have all these same offers available here. I'm going to refresh. Then we can walk through redeeming one of these offers as well.

Stephenie: One of the interesting parts when it refreshes, Dave, is how this application takes advantage of the device that's being used. It leverages the fact that it's a phone, and it gives you a Click to Call button, which is very handy.

Dave: Mm-hmm, this is a responsive design, so it will work on both tablet apps and mobile handheld smartphone apps. If it's a smartphone and the interface recognizes that it's a smartphone, this Click to Call button shows up. If it recognizes the device as a tablet, the Click to Call goes away, obviously, because there's no phone in the tablet and is replaced by a different messaging, usually with listing the phone number to call. It's just another cool feature for mobile phones.

Imagine we're on a car lot, and we're looking at a car that we're interested in purchasing. You're now able to position yourself with your customer on that lot, and insert yourself into that point of sale transaction. They can accept the loan offer right here on their mobile device in the exact same process we saw before. Indicate how much they want. Indicate their term length. Calculate their payment, and click to accept this loan. I have a couple extra fields in this product. I have indicating that I'd like a household income. Then when they click Finish, they're done.

If you're going to be competitive in the lending environment, in mobile lending, it needs to be that easy. A mobile application is still an application. There are instant application products out on the market today where you can maybe scan a driver's license. Scrape the information. Prepopulate an application. It makes the application process seemingly easier, but there's two flaws with that. One, the biggest flaw is that it's a – a loan application is a loan application. If I'm a consumer and I'm faced with retail financing which is at 0% staring me in the face, or that best buy credit, or the need to fill out any sort of loan application on my mobile device, I'm going to take the path of least resistance. Even if you explain that a mobile – your mobile loan application is really easy and will only take a minute and I'll receive an instant decision, the perception is that it's still a process that they'd rather not go through on a mobile device. Plus, the other drawback is that they don't have any insight into whether or not they'll be approved and at what rate and for how much, and that uncertainty is not going to help you, especially in a mobile on demand environment. In this case, it's just a few clicks away.

This, again, will work on mobile or tablet. It's showing online banking, mobile, and tablet. These same offers are available also at your teller line.

Jeb: Hey, Dave, can I pause you right here for a moment? We do have a question that has come in. The question is how do we determine what the member's income is?

Dave: That's a great question. There's a few ways. The first way is that we're going to purchase that information in the prescreen. It's a modeled income from the Bureau. It's not always exact, but it serves two purposes. One, in some cases, depending on your criteria and the way you underwrite your loans, it would – it suffices from an underwriting perspective for unsecured loan types and such. Second, what it allows you to do by purchasing a modeled income is it allows you to verify income at the time of funding. Your disclosures would state that you may require proof of income at the time of funding, and because you've based your offer on that assumed income that was used in that modeled income, you have the ability to verify that at the time of funding. If they can't produce proof of income that is as much or more than the modeled income score, then you have the opportunity to reduce or even rescind the offer completely, so there's a protection in place there for you. Does that answer the question?

Jeb: I believe so. We can also put that field in there. Obviously, that's a declared or stated income, but even there you can verify it. Any other questions before I move on? Is there anything else about online or mobile?

Erik: That is all the questions for now.

Dave: We'll move into the cross-sell tools. The same offers are available to your sales staff – front of house tellers, MSRs, and your call center, both inbound and outbound calling. This tool is a fantastic tool to allow your sales team to harness the opportunity inside all these offers and increase their own sales performance.

Here, we have our CPLXsell dashboard. We can see I'm logged in as Ben. He has zero sales today. You can see his sales statistics. There's a leader board here with top the 10 sales people within the organization that will show on the leader board by number of loans sold in the current month. It's a way you can use to incent people or just have some friendly competition within the sales force.

Looking up a customer and their loans is really simple. You look them up by account number or name, and you can see – oh, you know I Lev Blair – I think I used him on another demo earlier. Cade Morrison – we'll see what Cade has

available. Cade has a lot of loan options available. You can see how this is a gold mine of information for a sales person. If Cade were to walk into the branch and maybe he's carrying a motorcycle helmet, that's a very simple clue that we can use to form a sales conversation.

"Cade, I see you ride a motorcycle. Did you know you're already preapproved for a \$25,000.00 motorcycle loan, so if you'd like to refinance the one you have or if you're interested in purchasing a new one, I can take care of that for you today and you don't even have to fill out a full loan application." You can see how an easy clue can turn into a firm offer of credit that the sales person can deliver in confidence, knowing that they're not inviting someone to sit down at the desk and potentially be denied the credit that they're after.

If Cade says, "Yes, that sounds great; I would love to refinance my motorcycle," you'd just click on the motorcycle and add it to our cart. You can see in this case that several of the offers have turned gray, and those are offers that are no longer going to be available should he accept this motorcycle offer.

All of these channels will work in real time with each other. As I accept a loan through this interface, instantly that loan redemption is going to be reflected in the online and mobile channels. We get into a very similar workflow for the sales person. We indicate the term length. It provides a payment scenario. Cade refinances only \$11,000.00. We can do a stated income. We can attach a proof of income. We can write notes. All of these are optional. These are optional fields for your own internal use. Then, we click continue, verify that it's correct, and click finish. Ben, our sales person, is done, and now the lead request is going to offer funding.

Now, we can see on the dashboard that Ben has credit for that sale. You're able to track Ben's sales activity in an analytics dashboard that you have access to. It's real-time analytics that you can drill down by salesperson, branch, channel, or loan type and run real-time reports on all of these different data points that you'd be interested in reviewing during the course of your campaign.

That's all available in real time. It's a very simple tool to use, but really, really powerful. Our clients are getting a lot of value out of this very simple cross-sell tool, because it takes less than 15 minutes to train someone to use it, but sales teams have never had this amount of information, this amount of opportunity to use in their front-of-house conversations. It's great for outbound calling as well.

Erik:

We've had a few questions come in that are relevant to what you've been covering here. The first one is, "How do you cover the desire to have a joint borrower?"

Dave: If the loan request comes in and somebody requests a joint borrower, that's really going to depend on your fulfillment processes. This is a lead generation system, so it's not to be confused with the origination system. We're not actually facilitating the funding or the management of these loans. We're simply filling your pipelines. The loan offers are based on a primary – on a single individual's credit file. If they submit a request and they'd like somebody to be joint on that loan, when you contact them, they would need to indicate that to you and you would fund that loan accordingly using your own processes.

Stephenie: A part of that, Dave, when we deal with different clients, it really depends on the credit culture of your institution. Some institutions will look at that as a change in the terms, so it's broadening the number of individuals that are being underwritten, so they will re-underwrite that. Again, defer to your processes for loan origination. That's just an example of one interpretation one of our clients has.

Dave: That's a very good point.

Erik: This leads in to an additional question here: "Does this solution have the ability to interface with LOS systems?"

Dave: Yes it does to varying degrees. It really depends on the loan origination system. There are obviously many out there. We're working on certain integrations with some of these systems. The goal being that these leads flow directly into a loan cue, and in the case of certain LOS's, we can then use the information from the request to completely fill out that loan application, bypass that step, and bypass the credit pull to move right into the funding of the loan. If you want to talk to us offline specifically about certain LOS systems and how we integrate with them or if we integrate with them currently, we'd be happy to answer that question.

Erik: Thanks Dave. Are there any other questions? I think you covered them.

Dave: At this point, I wanted to introduce some of our pipelines; some of the things that are coming down the product development roadmap in the next year to give you a little sense of where this program is going. As powerful as it is and as great as the response has been from our clients using the system as it stands today, there's a lot of opportunities for us to continue to innovate off of this platform and turn it into something even more than what it is today.

One of those features – we'll look at a few use cases here of advanced features. Right here we're going to look at our e-signature capabilities. This is in live beta and will be available at any time next year. There are a few things here. I'll stop this. This is just a screen-grab video from my phone. As you can see in this case,

we're presenting with what we call a "geo-targeted vacation." Depending on your mobile banking provider, we may be able to offer you this feature. That is the ability to present a push notification based on the GPS coordinates of where your customer is.

In this case, they have walked into FridgeMax, which is a fictional, big-box retailer, and they're being pushed an offer for a small-dollar-amount loan, a \$5,000.00 unsecured loan. Typically, this is not a loan that we would all chase after as being a monster, profitable loan, but if you can automate the process from soup to nuts as far as presentment of that loan, all the signatures and documentation, and even into the funding of that loan, it does become a profitable product. It's incremental, and it doesn't cost you any more to present an offer for a \$5,000.00 unsecured loan, and it would be free to present any other products in this system.

We're going to look at this experience here; a \$5,000.00 unsecured loan. You can see how this might compete with in-store financing. Think about the Best Buy financing where your customers may be getting offers in store for very high-rate loans. You can offer them a similar amount of credit at a better rate and give it to them right then and there.

We'll see that this customer enters in \$2,200.00, and adjust the term length of the loan, and they agree to the disclosure. It's just like we saw before, but now you'll see that down here there's a Sign Loan Agreement button. What it's doing right now is it's taking a blank loan document and prefilling all that information based on what that individual just indicated they wanted and their term selection. It performs all the calculations and prepares the loan document. Now, it's presenting it inside your mobile banking app right then and there. They can sign the loan document; fully compliant e-signature, and the loan documents are going to be packaged and saved to a repository where you can download them.

Now, they're going to indicate where they would like their funds deposited. Again, this is conceptual. We can't fund a loan to your PayPal account. The options that show up there would be based on your own criteria, but at that point, you are receiving the loan request, and you know how much they want and where they are. You have the signed loan documents that you can download, and you know where they would like their funds deposited. You can fund that loan and transfer the funds. That's one of our advanced capabilities.

Another one that we have and that we will be expanding on next year is some of our car-buying capabilities. This is particularly powerful when it comes to

anyone doing auto loans; again, a geo-targeted notification. In this case, they're logging into our white label app credit concierge, but this same experience will be duplicated inside of single sign on mobile banking. They're going to see all their offers and click on the auto loan. In this example, this is sort of a lightweight example, but they can scan a VIN barcode on the vehicle, and it will return information about that vehicle – pricing information. I'm going to pause it here.

What you can see here is it's telling them in this case the Edmund's true market value for that vehicle they scanned, which is the amount other people paid for that same make and model within a radius of where that person is. They know that even though the MSRP is \$23,390.00, the average price paid for this vehicle is \$22,284.00. It's going to calculate their estimated monthly payment based on that target price and their already-approved loan rate and term. They can adjust the loan term. You'll see that they can also slide their finger on this scale and calculate their payment, and then when they click loan term and rate, they can indicate what loan term again. It calculates the payment. Now here, it's bringing in local sales tax, docks, and fees. They can enter a down payment, it will calculate their total loan amount, and they can accept this loan offer.

In this case, you can take a picture of their driver's license or pay stub. All this will be packaged and sent with that lead, so now you're going to know the vehicle they're looking to buy and the VIN number of that vehicle. You're going to know the true market value, which is what they've negotiated in the price. You're going to know where they are, and you're going to have that documentation that they took a photo of if that's a requirement. That's it. Now, we can compete on the auto lot for these loans.

Like I mentioned, that's a lightweight version of what we'll be releasing next year. The details of that are forthcoming, but there are some very exciting things having specifically to do with auto loans are coming down our roadmap for 2016.

Stephenie: As we're getting to the top of the hour, let's go ahead and check to see if there are any additional questions.

Erik: There are a few questions. One is a follow-up on our joint borrower question from earlier, and specifically for the joint borrower question, I was referring to the mobile process. "Can additional questions be built in for the joint applicant?"

Dave: We can build in additional questions in the fulfillment workflows, but going back to Stephenie's earlier response, I'm not sure how that would affect the offer; the firm offer itself from an underwriting and compliance standpoint. I think we

would have to look at how you position your disclosures for that product and really dig into the compliance behind that. That would be my thought.

Stephenie, do you have –

Stephenie: Something like that is not out of the box, functionality wise, so we would need to meet with you and establish what the business requirements were and understand if there are incremental costs associated with that, but in terms of can it be built, I think Dave gave an absolutely great answer. We can build it; we just need to scope it.

Erik: Another question has come in, and I believe this is another one that it's on the future roadmap as well is, "Can other campaigns flow into this dashboard so all leads are in one place?" I'm interpreting this to be all campaigns aside from loan campaigns – like savings or money market.

Dave: Sure, I can answer that. It is on our product roadmap to add deposit products, even insurance products, and also to eventually be able to bundle products together, so maybe a gap policy with every auto loan. Certain capabilities exist as it is today, but they're targetable. When I say that, if you can imagine that screen that we looked at earlier within online banking where we have the offers there, there is messaging on top of those offers and below those offers where you can present whatever it is that you'd like to offer, but they're untargeted. The roadmap we've been working on will allow you to target deposit and insurance offers and present them within the mix of those loan offers as well.

Erik: We are right at the top of the hour, so I think we have time for about one more question. It's probably the most popular question of every session: "Can you describe the pricing model?"

Stephenie: Sure, I'll take a stab at that Erik. Our pricing model is set up where there are set-up costs associated with this program. Those are at the outset of the program, and then the pricing is based on the number of members or customers that are credit preapproved each quarter, and so there's a price per member. That pricing includes direct mail, e-mail, and the online and mobile presentment. It also includes access to the tool that Dave showcased here, which was the cross-sell tool, allowing your bankers access to look at what offers are available for your members and customers.

Dave: It also includes prescreening as well; right, Stephenie,

Stephenie: Correct.

Dave: All-inclusive pricing.

Erik:

Very good. We are at the top of the hour, and we're going to conclude the webcast today, but I want to remind everybody that you will receive a copy of the presentation. You'll receive a link to the recording in the webcast, and if you have any further questions, reach out to your Harland Clarke account representative, and we can address any questions with you in person. Thanks, everybody.