# Harland Clarke Shopper Alert™ and Shopper Alert™ Prospector Webcast 07/22/15

## Close Loans With Your Account Holders Before Your Competition
## TRANSCRIPT

**Presenter – Stephen Nikitas, Senior Strategy Director**
**Presenter – Stephenie Williams, Senior Market Strategist, Lending Solutions**

**Matt:** This webinar is being recorded and will be provided to you along with the presentation and recording in a few days. I will now turn the call over to Stephenie Williams, Senior Loan Strategist with Harland Clarke. Stephenie, you have the call.

**Stephenie:** Thanks, Matt. To get started today, I will be one of your emcees along with Steve Nikitas. Steve has been with Harland Clarke for many years. He has a lot of industry experience in strategy, and planning, and marketing, working primarily with banks and credit unions on anything from loan acquisition to small business acquisition.

I have been working with Harland Clarke for seven years, and my focus has been primarily in the lending arena, working with large institutions and small institutions. The solution that we're here to speak with you about today are Shopper Alert and Prospector programs. With that, let's get started.

Today, we're going to review our Shopper Alert program as it resides within your marketing efforts to market to your consumers throughout their life cycle with your institution. We're going to also talk about other loan solutions that Harland Clarke provides, and we call all those lending solutions parts of our loan ecosystem They are all – deliver different results to help you achieve your overall loan marketing goals.

The Shopper Alert solution, which is our primary focus today, is a credit trigger solution, so we'll go through some of the details around that, around what you can expect, what others are achieving with that program. Throughout today's discussion, we will be accepting your questions just using the chat control panel.

With that, Harland Clarke believes that all marketing happens along the continuum of the customer life cycle, everything from awareness of your institution's brand to acquisition of those customers, and then nurturing that relationship through welcoming them, activating them, cross-selling them, and ultimately retaining those customers. Shopper Alert and Shopper Alert Prospector are solutions that not only help in the acquisition but also they help throughout the life cycle to cross-sell and definitely to retain your existing customers that might be shopping.

Within the loan ecosystem itself, you'll see there are a number of solutions. Shopper Alert is our first solution, and the reason it is the highest within our ecosystem is because of its extremely high response rate. The challenge that you have is Shopper Alert is your only loan marketing initiative that the universe size of this very select group tends to be small. All of our application pipelines tend to have greater hunger than Shopper Alert alone can fulfill. Shopper Alert is first, but it's very well-complemented by some of the other solutions that are mentioned here.

Loan Engine is a solution that we have for continually pre-approving your existing customers for all of the loan products. We also have Refi Genius, which is a great tool to identify customers within your existing loan portfolio that might be able to save money on their payments each month with a rate and/or a term refinance. That's typically for auto and home equity products.

Then Loan Magnet is what you would typically view as your campaign, your loan campaign program, where you're going out and pre-approving either existing customers or prospects for a variety of loan products.

Let's take a look at Shopper Alert. As I mentioned on the ecosystems slide, you'll see that it takes a complex array of products to really fulfill your overall loan application pipeline. The number one deliverer in terms of return on investment is definitely Shopper Alert because it's addressing shopping customers, so people that are already in market for these products. A nice complement to Shopper Alert is what we call Prospector. We'll touch on that a bit today. In essence, it is people in your market area that are out shopping for loan products.

The third group is non-shopping customers, and as I mentioned, this is a quarterly pre-screening where you're pre-screening your existing customers for multiple loan products. As a complement to Loan Engine and really rounding out the solutions that deliver the best return on investment is Loan Magnet. Loan Magnet focuses on non-shopping prospects, so people that are in your market area and credit qualified.

Now that we've put in perspective where Shopper Alert resides in your overall marketing plan for loan acquisition, let's take a look at how it works. Essentially, Shopper Alert takes a list of your existing account holders and in this case, we're going to talk about it for your customers, so your existing account holders and you will provide that to Harland Clarke. We will leverage that list and monitor that list on a daily basis. We're monitoring for those individual consumers to see if they're making application for mortgages, for auto loans, credit cards, and personal loans.

As you can see from this diagram, when the customer is going and making application for any of these products, that sends a flag to us. Within 24 hours of that flag, we have provided your institution with a list so that you can make follow-up calls, or we can make those on your behalf. We've provided a direct mail piece out to those consumers. If you've provided email addresses for your existing client base, we will send out email, as well.

You might ask what are the key benefits of Shopper Alert? It reaches a customer exactly when they're in the market looking to make that major purpose. What is unique about Shopper Alert is that instead of being a single bureau source which is limiting in and of itself just from reporting anomalies, we provide our triggers based on three credit bureaus. You're really maximizing the number of records and the triggers that you're capturing.

We have the ability within that trigger environment to then include all of your credit criteria. Not only will you know that John Smith is triggering for a mortgage loan, but you'll also know that your institution would be comfortable underwriting a loan for John Smith. If your FICO cutoffs are 720 and no delinquencies in the last 30 days, things such as that, we can include that upfront. You're not just getting everybody that triggers and then having to hide the decline rate. You're actually in a much better underwriting position to convert those to booked business.

The other benefit is Shopper Alert is an all-in solution because it provides not only the leads to your institution; it provides a direct mail, email, and can also provide telemarketing support to maximize your results. The best part about Shopper Alert is it is recognizing that relationship that you already have with the customer, and you're able to go ahead and retain the customer. If the customer is a banking customer with you, and they're out shopping for a mortgage, in many institutions, they don't always think – I know it seems crazy to us as bankers, but they don't always think to come to their bank for a mortgage Many times, they're caught up in the purchase process and that realtor says, “Oh, I have a friend that does mortgages,” and that's the path they take. Shopper Alert gives you one more with that customer to make them aware of the offer their bank is willing to provide. Ultimately, this culminates in a greater return of investment for the overall program.

Why it makes so much sense, this starburst is always a good example, and Steve is going to get into some additional result information. By being empowered with the knowledge of what your customers are doing and being able to provide them with a stronger offer, you can achieve – we have customers that are achieving acquisition costs as low as $75 per loan. Some of the interesting facts that we found dealing with many institutions with this particular program is that in general, there are about 4 to 6% of your customers at any given time shopping for a new loan. That's everything from a mortgage, to an auto loan, to a home equity loan, to a personal loan. Most of those that are shopping make their commitment within a week of starting the activity. On certain loans like auto loans, it's even more quickly that decision is being made, but you have a little more time on things like a mortgage loan. It's really important that you are in front of those customers and leveraging all the channels so you can reach them with their relationship offer.

One of the examples in terms of why a three credit bureau solution provides your institution with greater results – this image depicts it pretty cleanly You'll notice that the blue bar provides an example of the number of leads that are achieved by using a single bureau. By layering in that second bureau, we see a 45% lift in the number of triggers received. By layering in the gold bar, which is the third bureau, ultimately we see a 75% lift in the number of triggers received going from 1 to 3 bureaus That provides you greater coverage both for customers and for prospects.

Now that we've given you an overview of how Shopper works and some of the benefits it can provide, let's take a look at considerations if you're looking to add this marketing campaign for your institution. As we're embarking on a relationship with a client and getting the Shopper Alert program up and running, the key things we find for success is getting compliance involved early. There're always a lot of regulatory concerns in each institution's take on how to handle a pre-screen is different. It's really important to have the right people involved right up front.

It's also important to understand this is a pre-selected offer and therefore, it requires a firm rate offer on the product you're trying to attract. If it's a mortgage loan, you need to have a firm mortgage rate offer being made to the consumer. Also, minimum dollar amount, so as part of the pre-screen credit criteria and running any pre-approved campaign, you must have a minimum dollar amount listed that that customer is pre-approved for. As this program is going, it's important to have the right people from your lending department involved. Depending on each institution, that may be a product manager. That may also be someone from your underwriting group so that you're getting that pre-screen criteria correct up front and don't end up with a lot of consumers that come in, express an interest, apply, and then are declined in the process. That can be overcome by having the right underwriting involvement up front.

 

Then finally, the IT department – you might think hmm, why do we need the IT department involved? Generally, we work with the IT department in this process so they can provide your initial customer file and then ongoing monthly refreshes of that customer file so that we're monitoring the right group of individuals. Then also, the IT department is generally involved – it might be different at your institution, but they're involved in the process because they provide a loan application file so we can reconcile this program and provide you a good statement of return on your investment.

Pre-selection requirements, this walks through the various elements that are really required as you go through this process. As I mentioned before, the minimum dollar amount as well as the firm offer of credit – the firm offer of credit needs listing all the terms and conditions so it's very clear to the consumer what they qualify for. If you have a variety of interest rates – let's say you're doing an auto loan offer and you're highlighting a 60-month rate and term, if they are also eligible for 72 months and that rate is different, you need to include that in the disclosures.

Then the eligibility requirements – if there's anything that you haven't include din your pre-screen criteria, maybe the minimum income amount or a loan to value ratio for a home equity product, those need to be spelled out in your disclosure so that it is very clear to the consumer any additional contingencies.

Now as a part of getting this process launched, there is a process that's called on-boarding in terms of credit and setting up the initial process. Why does that exist? You might already have a relationship with the existing credit bureaus, but the credit bureau source that we leverage for Shopper Alert provides you access to all three bureaus We go through an on-boarding process and by using that process, you will be able to see additional triggers in this process.

You will experience an application just to the bureau and each individual bureau will respond in this process. They may request a little bit of additional information trying to understand why this is different than any other relationship or list you might've pulled from them and then once that approval has taken place, we'll get the program up and running. That initial on-boarding process only needs to be done once as you're working with Harland Clarke. We'll walk you through; we assign a client manager during that process to help guide you through the experience

One of the other parts of our solution, which many clients appreciate, is the fact that we've already developed best practice creative. This is an example of the best practice creative that shows very clean and clear, in the upper right, the picture of the house. That varies based on the type of offer, whether you're doing auto, a mortgage, home equity, or a personal loan. It's very clearly spelled out what the interest rate is that that customer is eligible for. It also provides a recommended creative and best practices is to show the customer multiple ways of responding.

You'll notice at the bottom, they have the ability to call, click, come in. There is also, int eh right side panel, locations. Our recommendation is to provide a minimum of one of their nearest branches. Typically we provide three of the closest branches to give them just that much more opportunity to respond. These letters, based on our work flow of Shopper Alert, are generated and mailed on your behalf on a daily basis. We do have the ability for you to customize your creative. In customizing that creative, we'll just walk through a process with you to make sure that the best practices that we provided to you in our template at creative are included, from a disclosure perspective as well as an offer presentment perspective.

Let's go through a quick summary of the Shopper Alert solution. Again, it is a pre-approved program that provides marketing loan offers to prospects. What we've talked about is applicable, really, to customers and prospects, but Prospector will focus on a radius from each of your branch locations. It's, like I said, the same benefits as Shopper Alert. This trigger volume for Prospector is much greater. Generally, just because of the number of households that you're monitoring is greater than the number of customers that you would be monitoring in a shopper program.

The criteria that we recommend – we walk through the process with you, and many of our clients – and Steve, feel free to chime in – will look at their criteria for their Prospector program to make it a little tighter so that they have an ability, one, to control the volume, and two, since there isn't an existing relationship, they want to walk into those waters a little carefully.

What we found for all programs, whether it be Prospector or whether it be Shopper Alert, is the best results overall are achieved when a consistent calling effort is deployed in conjunction with the direct mail and email. It's important to remind somebody that's already shopping that, "Hey, you might get a better deal." One of the ways we help you understand the quantities you might expect – early on, I said about 4 to 6% of your customers are shopping at any given time. If you want to get an exact idea of what that looks like for your portfolio, we do what we call a Look Back report. That report reviews for the last 30 days what percent of your file would trigger. We can also do that estimate based on your branch location. If you provide us with your branch locations, we can do that for Prospector.

With that, Steve, I'm hoping to hand that off to you to walk through some of the results that we've been seeing with some of clients on this Shopper Alert and Prospector program.

**Stephen:** I will. Thank you, Stephenie, and good afternoon, everybody. As Stephenie mentioned, I'm going to walk you through and share with you some of the results that we're seeing from the 100 or so financial institutions that have singed up and have implemented Shopper Alert I'll also share with you some information on what you might expect.

Obviously we've got a big group of people on the phone call today, so it's readily apparent that growing the asset side of the balance sheet is critical. When we look at loan to deposit ratios and loan to share ratios among both banks and credit unions, we're starting to see those ratios start to drift down again, close to about the 61, 62% range for credit unions and about the 70% range for banks. Unfortunately, maybe it's the economy. I'm not sure what's happening out there, but it looks like it has become a challenge for financial institutions to grow their loan portfolios. We're starting to drift back to those 2008, 2009 levels as we were either in the midst of the recession or just starting to come out of the recession. It is readily apparent that loan growth is tantamount to those of you who are on the phone today.

By the way, before I get going, again, there's a big number of you on the phone today. If you have any questions, feel free to type them in the chat screen in your window on the right-hand, which should be on the right-hand of your webinar page. Stephenie and I will address questions at the conclusion of this presentation.

With all of that being said, what can you expect? Stephenie mentioned that first of all, we do a 30-day look-back for financial institutions who have expressed interest in Shopper Alert but in the vein of doing their due diligence, want to know what's in it for me? What can I expect? What kind of volume will I expect to realize as a result of the Shopper Alert program? As part of that 30-day look back, here's some information we're going to provide you with.

We're going to look back at your customer or your member base over the prior 30-day window, and we're going to take a look at what kind of loans those account holders applied for. Out of that analysis will come this screen or this slide that we'll put in front of you. These results are pretty typical with what we see. I have probably done 200 or so look backs over the course of the last three years. I would direct your attention here to the right-hand side of the chart, percentage numbers.

In relative terms, first and foremost, we see usually around 50, 52, sometimes as high as 54, 55% of those triggers are conducted in lieu of an account holder going out there and applying of a home loan of some sort. It could be a mortgage purchase; it could be a mortgage refi; it could be a home equity loan; or a home equity line. Overwhelmingly, what we see is the majority of the account holders are out there looking for some sort of home loan product.

Next on the list – and I'll drift down a little bit – usually we see a good percentage of account holders looking for installment loans, credit card. Then usually, surprisingly, way down the list are auto loans. It never surprises me. As I mentioned, in the couple of hundred look backs that I've conducted over the last three years, it really ceases to amaze me that we just don't see more auto loan activity going on out there.

First and foremost, head and shoulders relative to the percentage of triggers that we see out there, it's all about home loans. That's important because that's where your return on your investment is going to be driven. Bigger balances, by far, so that will drive your profitability with a Shopper Alert program.

Let's go to the next slide. On the next slide, really here I want to talk a little bit about efficiency You heard Stephenie mention that Shopper Alert, there are three levels of communication, all taking place within 24 hours of that credit trigger occurring We are going to send out a postal mail piece. You saw a sample of that. As Stephenie mentioned, that postal mail piece is going to be branded to you. We can send out an email. That email also is going to be branded to you, and that's going to go out within 24 hours of the trigger. Then of course, what I call the feedback file that you're going to receive every day, the day after the trigger occurs, which is really your gateway to making those outbound phone calls.

Shopper Alert is about timing, but it's also about efficiently because we are only reaching out to those account holders who show, based on the credit attributes that you identified during the implementation stage of Shopper Alert who show the likelihood, that show that they applied for a loan with you. That loan is going to eventually go to closure, so it's about efficiently. We aren't bringing paper into the underwriters simply to bring paper to them, but the applications our underwriters are going to get their hands on are going to be those applications that ultimately are going to get pulled through. We'll talk about pull-through rates in a moment here.

This is also part of what you would see during a look back. We want to know how many of our account holders are out there applying for a loan. We also want to know what kind of loan they're applying for. At the same time, I w ant to know if those folks who are applying for a loan have the likely credit criteria that, when it comes to underwriting, I don't want to be wasting time. I want to make sure that our processors are as productive as possible.

With this chart, what we're showing is, again, looking over the prior 30-day window, what are the FICO scores of those folks who have applied for credit somewhere? Again, this is pretty typical. I'll direct your attention to the middle of the chart; 640-790 FICO; 720 and above. Overall, about 73% of those account holders who were out there looking for a loan product had pretty decent FICO scores

Now your FICO on what you want to pursue is dependent upon you, as we mentioned. You are the ones who are going to set the credit criteria for the loans or opportunities ultimately that are going to be sent your way. You have a lot of flexibility relative to the credit criteria, relative to the FICO scores. Of course, you can set the credit criteria for any of the four types of products that you're looking at. You can set it for home loans; you can set separate credit criteria for installment loan; credit cards; and auto loans.

Again, Shopper Alert is about timing but that the same time, it's about efficiently. Let's take a moment here because I do see a question pop up here, and it is very opportune. The question is what kind of pull-through rates can we expect? What I typically see, and just as an aside, but part of my role relative to Shopper Alert is I meet with financial institutions on a regular monthly basis in order to provide reporting back to the financial institution on how Shopper Alert is performing. In the vein of inspecting what we expect, anyone who has signed up for Shopper Alert and has implemented Shopper Alert, part of the standard operating procedure is on a regular monthly basis, Harland Clarke and the financial institution get together for 30 to 60 minutes and review the prior month's performance of the program. During those meetings, we look at performance. We look to see if there's anything we need to do to strengthen performance. We noodle on things, if you will, to make sure the program is performing to everybody's satisfaction. If it is, great. If it's not, then that's our opportunity to tweak things a little bit.

During those meetings, we also look at pull-through. Typically what I see is pretty strong pull-throughs. As an example, declination rates are typically between 5 and 8%. Only 5 to 8% of all those applications that ultimately get submitted to the financial institution are getting declined; pretty low. In some cases, I work with financial institutions where I see the decline ratios as low as 2%. As you know, we could make that decline rate zero if we wanted to depending on how strongly or how badly we want to make a loan. In general, because it's a pre-screen program, because we're identifying those customers or those members who we want to reach out to based on their credit attributes, decline rates are pretty low.

At the same time, withdrawal ratios are typically pretty low, as well. I work with a number of financial institutions who really, when they have the opportunity to capture that loan and bring it in house where it should've come in the first place, run with that opportunity and employ a very assumptive approach to that customer or that member closing the loan. In other words, they stay involved with that opportunity all the way through closing and really don't give that customer or that member to consider going elsewhere. Whether it's great rate, whether it's great service, whatever the deciding factor or the influencing factor happens to be, I see withdrawal rates at a minimum.

Let's go to the next slide, if we could. On the next slide, let's talk about some of the Shopper Alert results. As I mentioned, since the program was implemented, we've gotten a hundred or so financial institutions who have gone forward with Shopper Alert and run it on a regular basis. The oldest financial institution has just turned three years in tenure, and we've got a couple others that by the end of this year will surpass the three-year mark. We've got a lot of tenure under our belt when it comes to helping financial institutions to focus on whatever they can do to grow the long portfolios.

Here's a couple examples here, a large northeast regional bank, pretty good size, $13.5 billion in assets. Most recently, so far through the first part of this year, through the first six months of this year, better than $111 million in closed loans. That is a combination of home loans, auto loans, credit cards, and again, general installment or consumer loans. As you can see, that return on investment is in the 1000 percentile branch.

Another financial institution, this one down in Texas, about $5 billion in assets. I know this financial institution very well. Come November, they will hit their third-year anniversary with Shopper Alert. In this case, looking back on their first year activity, they brought in more than $6 million in the loan products they were targeting; in this case, mortgage, auto, and personal. This financial institution elected not to go forward with credit cards. The reason for that is they sold their credit card portfolio a number of years ago and for them, it was not a product that they wanted to spend any time on.

That's a question that frequently comes up when we meet one-on-one with financial institutions. Do I have to pursue all four products, or can I cherry-pick which ones I want to go after? The answer to that is absolutely; you don't have to go after all four products. Often times, as I mentioned, financial institution might've sold off its credit card portfolio, so credit cards are not important.

Often times, particularly when I'm meeting with banks, they're not big or they may not be big in the auto lending world, maybe have abandoned that space due to the captive lenders. Frequently, bank will ask if they can pull auto loans out of the mix of products, and of course they can. Of course, the ROI, as we mentioned, is going to come from mortgages and at the very least, we want financial institutions to make sure that with Shopper Alert, mortgages are part of the mix of products that they are looking at.

Let's go to the next slide, take a look at a couple more financial institutions that have implemented Shopper Alert. California credit union, pretty good size for a credit union; better than $8 billion in assets. Since they implemented the program, more than $15 million in loans that were funded. This financial institution is only tracking mortgage products They've decided, even though it's a credit union, auto loans were not what they wanted to pursue; credit cards were not important to them; nor were consumer loans.

Next one on the list is a Maryland credit union, which is actually our second financial institution that implemented Shopper Alert and the one I mentioned earlier relative to just being the third year anniversary with the program This institution has a very, very low declination rate, down about 5%. Their withdrawal rate among members who have submitted a loan application and then ultimately decide to go somewhere else is zero. They do a great job of making sure that when that application comes in the door and as you can see on that application rate of better than 10%, lots of applications are coming in the door, but they do a great job of making sure those applications are crossing the goal line or better yet, since it's summer, going across the plate, if you will, and getting put on the books.

The other point I want to make with this financial institution – and this is a real best practice and something that ought to be pointed out. With Shopper Alert, you're going to see a lot of indirect activity. By that, I mean sure, that account holder may've gone out there and applied for a mortgage somewhere or maybe an auto loan. Now we're working to bring that particular loan product in house. Maybe we'll be successful; maybe we won't. What this financial institution has done and what I emphasize to institutions with whom I work is look for additional loan opportunities that you can recapture.

As an aside, a story or an anecdote that this institution shared with me shortly after they implemented Shopper Alert was revolving around an employee who made a Shopper Alert phone call based on a trigger for an auto loan. As it turned out, while conversing with that account holder, the credit union could not beat the rate that their member got from whatever institution or whatever lender the member happened to go to. Before the employee hung up the phone, the employee had the wherewithal to simply ask that member, “Tell me what other loans you have out there that we could help you with.” By the time the phone hung up, they were rewriting a mortgage that member had gone somewhere else for.

With Shopper Alert, sure, it's the here and now. You're going to put yourself in the position to gain the loan opportunity that that account holder has applied for but at the same time, when we put on our sales caps and practice those needs-based selling initiatives that all of us have gone through in our former lives, there's an opportunity to recapture loans that our account holders have, unfortunately, turned elsewhere rather than us for in a prior day.

Then lastly, another example, a smaller New Jersey credit union, this one only about $400 million in assets, but as you can see on the numbers, $4.9 million in new loans. Their borrower to member ratio, that's a metric that credit unions analyze in their 5300 reports, grew by a healthy amount. Their consumer loan portfolio, since they implemented Shopper Alert, within a couple quarters after implementing Shopper Alert, grew by 11%. Real strong numbers, even though we're looking at a smaller financial institution.

That leads to another question that I see pop up here in the chat screen. What's a good size? What's a minimum threshold for a financial institution when it comes to Shopper Alert? Really, a sweet spot is probably $500 million in assets and above, although here you can see this New Jersey credit union, a little bit less than that, but nonetheless $500 million and up in assets is certainly a good starting point for a financial institution that's looking to implement Shopper Alert as a way to grow their loan portfolio.

Let's go to the next slide, if we could. Let's look at six key points here that I want to bring up just to surmise everything that we've talked about. First point, with Shopper Alert, it is a turnkey solution ranging from strategic development, ranging from analytics, ranging from creative, ranging from print production, ranging from reporting. Literally from A to Z, Harland Clarke provides a full solution when it comes to Shopper Alert. Not to speak ill of the credit bureaus, but I know in my former life, it was not unusual for the bureaus to approach me to a trigger-type program that sounded similar to Shopper Alert. However, it was contingent upon me to figure out how I was going to fulfill those triggers, try to find a local printer. Volumes fluctuate day in and out, depending on what kind of credit activity my account holders are out there pursuing. It was often times very difficult to fulfill the trigger opportunity on a day-by-day basis.

With Harland Clarke, it's a Monday through Friday, 24-hour kind of program. What I like to say to financial institutions is really the institution after implementation really doesn't need to get its hand very dirty after that, if you will, because Harland Clarke handles all of those assets.

Second key point, as you heard Stephenie mention earlier, we will work with all staff with training them. Importance to that? Simply the fact that you are going to see a whole lot more opportunities presented to you than if you were working with a single bureau, typically in the 50 to 55% of the triggers. That again, single source provider that's going to handle direct mail and outbound phones calls, if you like. Many have elected to handle the outbound phone calls on their own, which is fine. At the same time, many financial institutions have turned to Harland Clarke to handle those outbound phone calls. Harland Clarke has a very robust outbound contact center. It handles phone calls for financial institutions, both banks and credit unions, day in and day out for a variety of different types of programs. They are very sensitive to the tenor, the voice, the type of conversations our financial institutions like to have with their customers or their members. Regardless, you've got options when it comes to making those outbound telephone calls.

Next point, keys of implementation and deployment, as we mentioned, is an eight-week implementation window. The program gets up and running pretty quickly. During that time frame, you're going to be assigned a client manager. That client manager, who is experienced in Shopper Alert, will conduct weekly meetings. Again, there'll be a kick-off meeting Usually it's just 60 minutes and after that, leading up to implementation and roll-out, there'll be 30-minute meetings or so once a week, as Stephenie mentioned, with compliance people. I love them; some of my best friends are compliance people. It seems that form one institution to another, people interpret the rules and regs a little bit differently, so we want to make sure compliance people have an opportunity to get their thumbprints all over the program at the very outset.

Next, as we talked about, a dedicated team. Again, client manager, you'll have a strategist assigned to the program; you'll have a creative director; you'll have an IT person on the on-call side of the house. Prior to program implementation, Harland Clarke will provide training. Often times, that exercise falls on my shoulders. Training will be conducted with your staff who's **making the calls.** They'll be taught to call – basically a summation of all of the points that Stephenie and I wanted to go through today.

Stephenie, I see some questions here, if we could. Let me fire them off, if that's okay. Either you can take them, or I can. First one, Stephenie, if I have a bureau relationship already, do I need to complete new applications with the bureaus?

Stephenie: Great question, Steve; happy to handle that. The process we go through is centralized. It's for the on-boarding of your existing bureau. It's a check with-me process that will walk through our client management and we'll get that started. Generally that process is quick. Shopper Alert is a unique proposition that Harland Clarke offers, soup to nuts, as Steve likes to put it, where we're doing the triggers along with the marketing treatments. The bureaus are understanding of that and grant approval for us to move forward. That's how that process works.

Stephen: Thank you. Here's another one, Stephenie. Have never done a pre-approval type campaign or a pre-qualification campaign. Am I obligated to make the loan when I communicate with the account holder? Do you want to handle that one, or shall I?

Stephenie: That's a great question. I'll go ahead and handle it. What you're required to do is you're required to use the same back-end screening that you used on the front-end screening of the program If you have criteria that includes a FICO score, no delinquencies, and income, you just need to use that same criteria on the front-end that will mimic your back-end. On the back-end, if you pull, do a hard pull of that consumer's credit, their credit has changed and no longer meets your criteria threshold, you are not required to go ahead and book the loan. A lot of clients are a little concerned their first time out of the date with pre-approvals on that exact question, Steve.

Stephen: Great. Stephenie, here's another one. I'm a small financial institution. Don't have a very large creative group. Do you have a solution for me that will take tat development of creative off my shoulders?

Stephenie: Absolutely. The templated creatives that we shared earlier in our presentation is available to incorporate each individual institution's images. We can make it a branded feel for your institution but having all the standard creative elements that we've identified over time as best practices to achieve optimal results.

Stephen: This one just popped in as you were talking. Do I have to use that template that you're referring to?

Stephenie: Absolutely not. We have the ability – we will have to pass that – any new creative through the approval process with the bureau, but that's usually very streamlined; we've done that with many clients. If you have a very invested creative team that wants to create your creative, we can share with them our template so they understand some of the best practices, but they can then use their creative skills to enhance that.

Stephen: What kind of results might I see with this program? You shared a handful of accounts that have implemented Shopper Alert, but typically what do you see for results?

Stephenie: Steve, you've had a lot of experience in that arena. I have the oversight. What I've seen in the programs that I've reviewed are trigger rates, again, in about the 4 to 6% range, depending on the institution's location and some seasonality. Then we typically see anywhere from a 3 to 7% acceptance rate. Steve, you might've seen that differently. I'm thinking through some programs that I've been reviewing lately. Some of those are with larger institutions; only a handful of smaller institutions.

Stephen: Yeah, I've seen, with the institutions with whom I've worked, and I've probably worked with half of those institutions that've implemented Shopper Alert, usually about a 6 to 7% response; some higher, as we showed you that credit union in Maryland with 10% but on average, around 6 to 7%. When you think about that, the Direct Marketing Association says that in a direct mail campaign in the bank or credit union world, a 1.5 to 2% response rate is considered to be knowing it out of the park, if you will. Here, 6 to 7% on average, head and shoulders better than what the DMA says is well-run campaign.

Stephenie, that looks to be all of the questions that've come in. Let's give our team on the phone another few seconds or so. If anybody would like to ask another question, feel free to type it into the chat screen, if you will. I don't see anything popping up yet. Let's just see. No, doesn't look like we have any other questions. With that, just some information on Stephenie and I on this final slide. As we mentioned earlier, a video replay of the webcast will be sent out to everybody who signed up within the next week or so. Stephenie, any final words before we bid our attendees adieu for the day?

Stephenie: Just thank you for your time today.

Stephen: Great, thank you, Stephenie, and everybody, thank you, and good lending, if you will. Take care.