

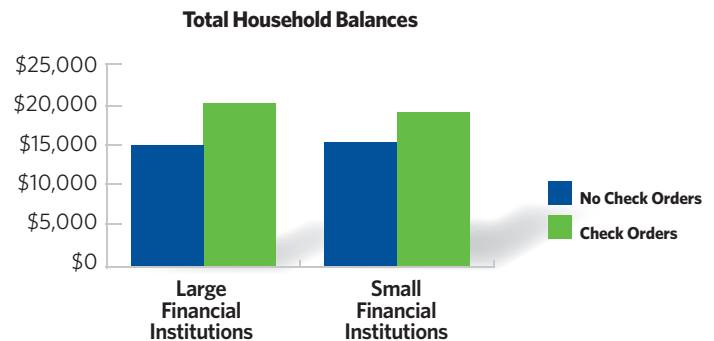
## Check Usage Drives Retention, Loyalty and Relationship Value

In the financial services industry, it is no secret that account holders who utilize their accounts by writing checks and participating in other engagement-related services tend to establish loyal, long-term relationships with their financial institution. Harland Clarke research indicates that there is an additional factor that may not be as commonly known:

Individuals who obtain their checks **through their financial institution** exhibit behaviors of more profitable, longer-tenured account holders. They have more disposable income and/or are more affluent than their counterparts who do not purchase their checks through their financial institution.

### The Opportunity

Implementing a program designed to maximize check usage and check ordering among account holders can help increase the number of check orders purchased through a financial institution. With the right strategy, financial institutions can increase engagement among account holders and improve long-term relationship performance.



Source: Harland Clarke Industry Database

Although financial institutions often try to avoid costs related to check orders, these expenses may be better viewed as an investment in account holder engagement that helps drive greater long-term profitability. In other words, a \$6 investment in a check order can have a big payoff. Demographics show that check-writing account holders tend to maintain higher balances, purchase more products and services, and have higher retention rates than account holders who do not regularly utilize checks.

### Strategies to Consider

A successful strategy to increase check usage and financial institution-originated check orders includes two key factors: (1) the training and preparation of branch personnel, and (2) a systematic way to automate check ordering. Top-of-mind for employees at the new-accounts desk should be all the engagement services new account holders will need, including checks, direct deposit and online bill pay.

The following are some tips for increasing account holder check orders through the financial institution:

- Focus on acquisition and engagement:** A good acquisition strategy can be enhanced with efforts that get account holders engaged in utilizing their checking accounts. For example, account holders could receive a monetary incentive, in full or in increments, after writing a certain number of checks, using a debit or check card a specified number of times, or signing up for direct deposit. Incentives should be provided not just for acquisition, but for usage as well.
- Capture the check order:** Financial institutions can establish processes to capture the check order “automatically,” such as including the check order as a standard part of the account-opening process. Having managers approve all new account openings that do not include check orders will help to ensure all new account holders are offered checks and overall check-order volume through the financial institution will likely increase.
- Promote design choice:** Nearly half of the account holders who order checks from Harland Clarke have an affinity for a check design, a cause or recycled checks. By aligning affinity with check utilization, a financial institution can promote good will — especially with cause-related and eco-friendly checks — as well as check ordering and check

writing with that institution.

- **Ask about life events:** The events taking place in an account holder's life will often influence check writing, the need for a special type of check or even the opportunity to purchase more checks. Financial institution personnel should ask account holders about any life-changing events that they may be experiencing, including:
  - Moving to a new city or a new home — Moves always increase check usage, because purchases are greater at this time.
  - Going off to college — Debit or credit cards are not always an option for paying rent and other campus expenses.
  - Getting married — A name change or a person added to an account may indicate a need for new checks.

To discuss specific ways to increase check usage at your financial institution, contact your Harland Clarke account executive.