Harland Clarke Account Holder Insights That Unlock Greater Profit Potential Webcast 08/06/2014

TRANSCRIPT

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Tracey: Good day and welcome to the Harland Clarke Account Holder Insights That Unlock Greater Profit Potential conference call. Today' conference is being recorded. At this time, I would like to turn the conference over to Mr. Stephen Nikitas.

Steve: Thank you and good afternoon everybody. Again, my name is Stephen Nikitas. Welcome to our 20th webinar of 2014, this one titled Account Holder Insights That Unlock Greater Profit Potential. This is actually a reprise of a webinar we conducted about six weeks ago and based on feedback, it turned out to be so popular that we decided to do it again.

A couple quick housekeeping things before we get going. We will leave time at the end of today's presentation for you to ask any questions, but in the meantime, if a question strikes you as we go through today's presentation, feel free to type it in the chat panel on your webinar stream, and just make sure that it is addressed to all panelists. At periods during the session today, we'll make sure we go through those questions that might come up during the presentation.

At the same time, a PDF of today's presentation will be made available to all registrants at the end of this sessions, and copies of the slides as well as a recording of today's presentation will be made available to everyone who registered and that will be coming out next week.

Why don't we get going?

A little bit of background about me. I will be today's presenter. I'm a senior market strategist with Harland Clarke. I have more than 30 years of experience in strategic planning, marketing, public relations, and executive speech writing in my role at Harland Clarke. I provide consult state of services to both banks and credit unions with the focus being on helping financial institutions to craft marketing and retail plans that are focused on helping both banks and credit unions to basically get from point A to point B.

Today, what are we going to talk about? First off, we're going to talk about the Harland Clarke national banking industry database and benchmarking overview. I'll present to you information on that. We'll also tie in the Harland Clarke opportunity analysis and how it can be used to help you with marketing planning. This is probably an opportune time for today's presentation. We know that because many if not all of you on the phone are probably just entering planning season for 2015. Today's presentation will among all other things give you information on how Harland Clarke can help you plan for next year from both a marketing and a retail perspective. Then I'm going to share with you some information on how a financial institution, First Financial Bank NA, used an opportunity to help the financial institution to put into play a number of different retail and marketing programs that are helping the financial institution to overall strengthen its balance sheet.

With that, why don't we start and just on some things we know about what's challenging all of us these days. As I may have mentioned, I come out of the financial services industry so prior to coming to Harland Clarke, I know in effect what ails everybody out there because I walked in your shows for many years, and these days, in my role as a strategist with Harland Clarke, I probably have contact with upwards of 200 to 250 different financial institutions around the country. What do we see going on out there? First of all, these are the challenges that it seems to be the common thread among all financial institutions whether they're banks or credit unions.

They are not only acquiring but retaining account holders, addressing declining spreads-we've still seen that interest margins under a lot of pressure, even though the expectation is that the fed is going to start raising rates imminently. Regardless of what part of the country I visit, whether it is a bank or a credit union, across the board, everybody is looking for ways to grow the loan portfolio and while we acquire and retain account holders, while we look for ways to grow our loan portfolio, we are doing that with increasing pressure from Washington relative to regulatory and compliance issues that seem to be coming at us fast and furious. Lots of publicity over the last month or so relative to Dodd-Frank and all of the challenges that's presenting to financial institution. Unfortunately the majority of Dodd-Frank has even been implemented yet so as more rules and regulations come down the pike, it will just make our jobs even that more difficult.

On top of all that, we are faced with technical restraints and challenges. Many of us are dealing with outmoded operating systems and many of us are dealing with either no MCIF or an MCIF that probably needs to be upgraded and strengthened. Getting out a lot of our data has become a whole lot more challenging for us.

Those are the challenges that we see from one financial institution to another and while we're faced with these challenges. We still are focused with trying to spend our marketing dollars in the most efficient, cost effective way that will when all is said and done bring in the results that we're looking for.

In my role as a strategist, I meet with scores of marketing and retail people, and in my conversations with them, here's what I hear from a marketing perspective.

Certainly it's acquiring new account holders, but it's also deepening those relationships with account holders. When we acquire new customers or new members, it's not simply bringing anybody in the door, but it's bringing those perspective new account holders into the financial institution who hold the most likelihood of having deep relationships with the financial institution. That means increasing wallet share not only among prospects, but also increasing wallet share among existing account holders. Marketers tell me they're focused on growing their loan portfolios, but interestingly and increasingly, when I am in conversations with marketers and retailers, there seems to be a real focus on getting our account holders to shift the way they do business with us. By that, we're looking to steer our account holders as well as our perspective account holders into those channels that are going to be most cost effective for us.

I don't have it in this slide presentation but just to share some numbers with you. Recent study pointed out that a transaction conducted at the teller line or at the platform desk on average will cost a financial institution $4.65. That same transaction, if it's done via online banking, the price comes down to $.19, and if we can get that account holder to do that same transaction via their mobile banking app, it brings the cost of the transaction down to $.10. The numbers speak for themselves. Marketers and retailers increasingly are focused on finding ways to encourage their account holders to do more and more of their business through those digital and electronic channels.

As we talked today about the opportunity analysis and how Harland Clarke can help financial institutions plan for 2015, just some things to keep in mind from the very outset in order to make sure that we're all on the same playing field here. When Harland Clarke helps financial institutions, it takes a complete lifecycle approach to helping institutions market in retail. We're helping financial institutions to generate awareness among both existing account holders and prospects. We help financial institutions to acquire, we help financial institutions to activate products and services as well as to increasingly utilize and strengthen the usage of both products and services. We do that through cross sell programs and retention programs, and all of that leads to a much more loyal account holder.

As you all know, loyalty these days seems to be a struggle for most financial institutions. The American consumer has been increasingly willing to turn their back on retails and businesses with whom they've been doing business with for a number of years, and increasingly are looking for better price, better service, more convenience and that's just the confluence of all that has helped to just make our jobs a whole lot more challenging.

Lets segway into a discussion about the data and the data that goes into the Harland Clarke opportunity analysis. First and foremost, the opportunity analysis is a diagnosis evaluation tool that Harland Clarke provides to financial institutions both banks and credit unions. Just as an aside in my former life as a marketing executive, I used the opportunity analysis to help me not only set my business plan for the upcoming year, but on an annual basis, I would conduct an opportunity analysis in order to make sure that I was able to stay on top of the opportunities and the risks among my account holder base so that while I set my marketing and retail plans for the upcoming year, I made sure that I was focusing on the areas that were going to provide the bigger bang for the buck.

Some key points about the opportunity analysis. It will provide you with key insight and information on your account holder's overall portfolio with you from both a deposit standpoint, a credit standpoint and a services perspective. It will help you to identify your market opportunities, those areas where you can sell more products and services to your account holders, and at the same time, it will help you to identify those risks among your account holder base. By risks, primarily attrition. The opportunity analysis will allow you to identify those account holders who show the likelihood of maybe draining balances or closing accounts or ultimately closing their entire relationship with your institution. That information will allow you to better identify where you need to focus your energies to get maximum growth and make sure that you're retaining your account holders.

One of the luxuries of the opportunity analysis is that we're going to compare you to an industry benchmark and we'll talk more about that industry benchmark in a moment. We all know how our financial institution is performing. It's often times as in we seek to get an understanding on how we compare to our peers and so a benefit of the opportunity analysis is that we're going to compare your numbers to the Harland Clarke benchmark in order to provide you with a comparative analysis of how you are performing. That will all help to identify those opportunities and business risks that your financial institution may be facing.

The last point I want to bring up about the opportunity analysis, and I think probably the most important, is the fact that Harland Clarke is going to provide business recommendations to you based on the data that emanates from the opportunity analysis. Like you, we've all sat through presentations of data, sat through many presentations where I received lots of great information from the organization that has analyzed our account holder base. Unfortunately, more often than not, it tends to be information overload and by the time I got back to my office, I was so overwhelmed with information and data, that's a three ring binder or the presentation that was typically left with those of us who sat in on the presentation more often than not ended up in a bookcase in my office and very rarely was ever seen again.

A key benefit of the Harland Clarke opportunity analysis is that your financial institution will receive recommendations based on best practices and the data that comes from the analysis of your organization. We will in effect provide you with a road map to help you put into play those programs that will help you take advantage of the opportunities and the risks that are in front of us.

Lets talk about that Harland Clarke national industry database. On a regular basis, Harland Clarke receives information from up to about 100 different financial institutions around the country. Some 55 million households, 132 million accounts. That information is received on a quarterly basis and when Harland Clarke conducts an opportunity analysis, that is the information that comprises the benchmark to which we're going to compare other financial institutions. If the opportunity analysis is conducted for a bank, that benchmark, unless the bank requests, is comprised only of bank information. If it's a credit union, the benchmark, unless the credit union requests, will comprise only credit union information. It is a comparison to the Harland Clarke benchmark upwards of 100 different financial institutions around all geographies of the United States that is refreshed on a quarterly basis so the comparison is fresh.

Out of the opportunity analysis comes these primary components that will help us to identify where your opportunities and risks are. Lets spend a moment just going through each of these starting left to right.

Value segments. What Harland Clarke is going to do through the opportunity analysis is we are going to put your customer base or member base into different value segments based on their likelihood to either buy more products or a attrite from the financial institution. That information will allow you to better pinpoint where your opportunities and risks are.

We'll measure attrition. We'll take a look at your attrition in year one through year ten. We'll take a look at your financial institution's attrition based on your account holder's product portfolio and we'll compare all of that to the benchmark.

Under product assessment, we'll take a look at your deposits and your credit portfolio. We'll compare penetration relative to household, to the benchmark. We'll compare balances relative to the benchmark.

Under new account holder assessment, we'll take a look at your new account holders who have been with you for up to a year and we'll break out penetration and balance numbers for those new account holders and compare them to the benchmark in order to give you a feel for your acquisition efforts and how they compare to other financial institution's attrition and how it compares to other financial institutions relative to year one deposit and credit, product and balance penetration levels to give you a better perspective on your ability to acquire new account holder and deepen those account holder relationships in their first year with a financial institution.

Before I forget, when we talk about value segmentation, that is primarily looking at your entire account holder base, so that's where your existing account holders are going to be compared to benchmarks and identified for their likelihood to either buy more product or attrite from the financial institution.

Performance benchmarking throughout everything we do. We're going to compare you to that national database that Harland Clarke maintains and updates on a regular basis, looking at product penetration, balance penetration, so on and so forth.

Lastly, we're going to put together an action plan for you based on what the data is telling us and based on best practice that we see other financial institutions employing in order to get maximum growth for their financial institution.

Lets spend a moment here and talk about this value segmentation. This information with the dozens of institutions for whom I have presented an opportunity analysis as well as my experience in the past is certainly one of the most critical and important features of an opportunity analysis.

First off, Harland Clarke will segment your account holder base into one of seven different value segments, those boxes up here in the diagram on the right hand side. In order to do that, Harland Clarke relies on its proprietary propensity model called Stratics. Stratics does a couple of things. First off, if you look at the X-axis on this diagram, Stratics will measure the attrition likelihood of your account holders. As you go left to right on the X-axis, the likelihood of a customer or a member draining balances or eventually closing their account with a financial institution increases. For example, that relationship bucket, those account holder accounts who would be placed into that relationship bucket show a high likelihood or attriting. The Y-axis all the way over to the left measures likelihood to buy more product or service from you. As you go from bottom to top, the likelihood of an account holder to open more accounts establish relationships with your financial advisors buy more loan products, buy more deposit products, look at new interest income opportunity increases.

As I mentioned, Stratics is a proprietary propensity model that Harland Clarke employs in order to analyze your account holders and put them into one of these seven different buckets. Stratics primarily relies on your account holder's banking behavior. It's different from a lot of these other models that many of you may be familiar with. Claritas is a model that primarily demographic based. In effect, it says if your account holder lives in this neighborhood, chances are likely hear or see reads these magazines, drive these kinds of cars, watches this kind of television, reads these kinds of newspapers, etc. Stratics is different in the sense that is primarily based on banking behavior. There are some 600 or so different attributes that Stratics looks at in order to segment your account holders into one of these seven different buckets.

Let me quickly explain how these buckets will play out. If you go to the upper right hand corner, you've got your high touch bucket. We call it high risk and high potential. Why? Because if you look at the X and Y axis, those account holders who are in the high touch bucket show a likelihood to attrite but also a likelihood to buy more products and services from you. They are typically going to be your younger professionally employed account holders who are entering that life stage where their need for more product and service from you is likely and they represent a very strong opportunity for you to cross sell and deepen relationships. That high touch elite bucket is a smaller portion of those account holders in the high touch bucket, but their likelihood to buy more products and their likelihood to attrite from the institution is a bit more pronounced from what we find in the high touch bucket.

If you go clockwise, that aggressive cross sell bucket, those account holders are a little bit more firmly planted with the financial institution. Their likelihood to attrite not as pronounced as you would find with a high touch or high touch elite, but they also show a strong propensity to buy more product and service from you. Those account holders in the aggressive cross sell elite bucket is just more pronounced to be loyal to the financial institution but also likely to buy more product and service from you.

Continuing to go counterclockwise, the loyalty bucket, those account holders typically are older, typically have much longer tenures with the financial institution and as a result of that are not likelihood to attrite, but at the same time, because they are beyond that life stage based on age, probably not as likely to buy more product and service from you unless you are laser focused on the product or service that you promote to them. Often times, with account holders in that bucket as well as the loyalty elite bucket, what I find is there's an opportunity to sell checking, particularly free checking because the income levels typically of those loyalty and loyalty elite account holders is a little bit lower than what we may find with the high touch and aggressive cross sell buckets. Checking is often times a product that would appeal to those particular account holders, but strong loyalty to the financial institution typically make greater referral candidates for a referral campaign. These are the account holders who are going to bring in the grandchildren, the niece, the nephew and so on.

The last bucket is that relationship bucket. Not likely to buy more product based on where they sit on the Y-axis but they do show a likelihood to attrite from the financial institution. This is typically a segment of the membership or the customer base that will buy more products from you. You have to be laser focused on the product or the service that you're putting in front of them but at the same time typically the account holders in this bucket have very strong relationships with the financial institution, yet for a multitude of different reasons they do show a propensity to drain those balances and move somewhere else. This is typically a group of account holders that you want to really focus retention like efforts on in order to make sure that they don't move to another financial institution.

In a nutshell, that's how the value segmentation works with an opportunity analysis, relies on Stratics, propensity model, based on some 600 different banking behavior and a little bit of demographic, but primarily banking behavior, and it gives you an opportunity to identify your account holders who possess the most opportunity for product sales as well as those account holders who show the likelihood to attriting from the institution.

Lets talk about what some top performers are doing out there when it comes to the information that comes from the opportunity analysis. First off, we've already reviewed some of this early on, but in my interactions with financial institutions around the country, they are using this information to make sure that they're strengthening their overall portfolio, they're identifying those risks and opportunities, they're running the analysis to look for deposit, loan, electronics and other business line opportunities where there are opportunities for retention and sales and then lastly they're putting this information to use by developing action plans with Harland Clarke's assistance, and at the same time, making sure that they're constantly inspecting what they expect by constantly going back and measuring results either on a daily, weekly, monthly or quarterly basis.

Six things that you can do with the data coming out of an opportunity analysis. First off, obviously use the data to your marketing and retail effectiveness; use the data in order to prioritize where you want to focus your marketing and retail energies. The information will help you be much more account holder centric in the sense that you will be able to deploy actionable and results orientated marketing and retail plans.

You'll be able to invest smarter with your marketing dollars because you will be focusing your marketing and retail dollars on those account holders who show the highest propensity for sales growth and you'll be able to craft a message that will resonate loudly with those account holders. With all of that, you will grow wallet share by strengthening your cross sell efforts as well as improving your retention efforts and all of this is done, the most successful financial institutions who do this, do this by ensuring that all disciplines within the organization are marching in lock step to the overall plan.

Often times I'll see financial institutions in my role as a strategist employ different marketing and retail plans, but unfortunately do so in a vacuum. Often times, lending doesn't know what marketing is doing or IT is not aware of what marketing may have up its sleeve until the 11th hour. Those institutions that are using the information coming out of an opportunity analysis that are deploying action plans don't do anything until they ensure that the disciplines within the organization are aligned and on the same page, everyone buys into the overall plan and is marching in unison to ensure that the institution gets the maximum results from the programs that are being employed.

Just a quick reminder, those institutions that are doing it right understand how all of the various segments that we just went through play hand in hand with one another.

With the opportunity analysis, obviously you're going to increase your overall efficiency and effectiveness, product sales, service sales, so with an opportunity analysis, financial institutions are able to focus on growth on the deposit side of the house, on the loan or credit portfolio side, they're able to identify brokerage or investment service opportunities and then they're also able to strengthen relationships among those account holders in order to effect a shift in the way they are doing business primarily steering people to online or mobile relationships. Those top performers with whom I work who have gone through an opportunity analysis are seeing solid results relative to selling products throughout the entire portfolio and helping to encourage that channel shift that we talked about earlier.

As part of an opportunity analysis, what comes out of the recommendations is a sample marketing plan. This is a sample of a plan that Harland Clarke had presented to a financial institution based on the data that presented itself in the opportunity analysis. This sample marketing plan revolves around the implementation of an onboarding program for a financial institution that found that it had high year one attrition and found that its product penetration numbers relative to units within a household as well as balances within a household were lagging behind the benchmark. One of the action plans for this particular financial institution was the implementation of an onboarding program. This is a 30-60-90 onboarding program that comprises a welcome letter and then communications at 30, 60 and 90 days as well as follow up telephone calls and emails following those postal mail drops in order to ensure that we're reaching out to the account holder through multiple channels over a time period when we know that consumers are likely to buy more product or service from their new financial institution and often times we just have to be in front of them in order to effect those product and service sales.

Here's another sample plan that was put together for a financial institution that conducted an opportunity analysis. If you look at the yellow bars, what came out of this marketing plan that Harland Clarke put together for this institution was first an onboarding program, a welcome 30-60-90 onboarding program. The second program in the gold bar was a cross sell program where it was evident that this particular institution had low product penetration among its existing account holder base. In order to help increase cross sell numbers, increase product penetration, a recapture program was recommended to this institution whereby this institution would reach out to its existing account holders who had loans at other financial institutions in order to encourage those account holders to refinance the loan with their bank or credit union.

Shopper Alert is a trigger based credit program. This institution's loan to deposit ratio is extremely low, its penetration numbers relative to credit were low relative to the benchmark and so Shopper Alert was recommended in order to help this institution identify its customers who were shopping for a loan in order to reach out to them and talk to their account holders about a credit product that their own financial institution could help them with rather than the institution that they may have originally gone off and visited.

The next program is the CD maturity program. This particular institution had high CD penetration and high CD balances, much higher than the benchmark. This was impacting their cost of funds so the recommendation for this particular institution was to implement a program whereby CD account holders were communicated with a week prior to the maturity of their CDs and the message was encouraging those CD account holders to look at a relationship with a financial institution's investment advisors. A mail piece was sent to those CD holders who had a product maturing within the week and then it was followed up by a phone call by this particular institution's investment advisors inviting the CD holder come in and talk to the investment advisor about ways they could get more earnings on their investment.

Next program is a retention program. In this case, this financial institution had a high number of account holders who showed a likelihood to attrite, so the recommendation here was to reach out to those account holders a couple times a year in order to engage them in a needs based discussion about their upcoming credit and investment needs to ensure that these account holders did not attrite from the financial institution and at the same time deepen relationships and strengthen account holder satisfaction.

The last program that was recommended was the home equity activation and utilization campaign. It turned out that this institution has high HELOC penetration numbers, but low utilization and activation numbers when it came to their home equity lines of credit. In this particular case, a consistent program was developed for this institution reaching out to those account holders who are HELOC account holders and have either never activated their HELOC or were not utilizing their line as vociferously as they could have. The intent here was to grow those HELOC portfolio balances.

I have a question that's come in. Let me just stop here for a moment because we're going to go into the First Financial Bank case study that I mentioned earlier, but a question that popped up was, "what was the recapture about in the sample marketing plan?"

Through the recapture program, we identify your financial institution's account holders who have a loan at different financial institutions. Lets say you wanted to grow your mortgage portfolio. We would identify your account holders who have a mortgage at a different financial institution. Working with you, this would be a prescreen program because we're working with the credit bureaus, so we would have to make some sort of a prescreen offer to these particular account holders, and we would reach out to these account holders inviting them to come in and refinance that mortgage with you. Consumers these days are looking for more ways to make their lives convenient so the fewer trips I have to make across town to go from one bank or credit union to another, the better. We find that these types of recapture programs can go a long way in strengthening that account holder relationship and increase customer or member satisfaction.

Lets talk about an example here of a financial institution that has conducted an opportunity analysis. First Financial Bank, they were with us the last time we presented this webinar about six weeks or so ago. Let me start by giving you a little bit of background about First Financial Bank. They are headquartered in Terre Haute, IN. They're about $3 billion in assets and they have 73 branches that are in the western Indiana and eastern Illinois geography.

To put this particular institution's situation in perspective for you, some key points to bring out to everybody on the phone. Their previous marketing program was not producing the desired results that they were looking for when it came to acquisition and also deepening relationships with their existing customers. At the same time, another challenge for this institution was the fact that they were in diverse markets. Around Terre Haute, they are the legacy financial institution but through acquisition and through some branch investitures, they had grown into some new market spaces. They've got a challenge in not only communicating with that legacy markets, but also communicating in those new growth areas. With those challenges in front of them, they were looking for someone to come in and provide strategic guidance on what they should be doing from a marketing and retail perspective.

Here's what Harland Clarke. We were invited to conduct an opportunity analysis for this financial institution and it was delivered to them back in November of 2012. The data that we presented identified plenty of cross sell opportunities, provided information that said that new customers are presenting an opportunity for cross sell growth so you probably want to look for ways to onboard your new customers, and it also identified small business opportunities. This particular financial institution is the dominant player in the marketplace so there was opportunity here to reach out to local small businesses in order to help the bank acquire more of them.

When all is said and done, the opportunity analysis really served as the springboard to help the bank change its marketing and retail planning process and eventually lead to the creation of an annual marketing planning calendar. In fact, I'm visiting this financial institution next week as they're embarking on their 2015 plan in order to sit with them and provide consultative advice.

Here's what came out of the opportunity analysis. First off, the bank initiated an onboarding program about a year ago that comprises a welcome letter with 30-60-90 day letters followed up by email. The bank initiated a quarterly cross sell campaign back in 2013 and their focus was cross selling checking, auto, home equity and mortgage products. Just like the onboarding program, the cross sell program is comprised of postal mail and email. The bank implemented a small business acquisition program back in April of 2013 where the bank conducted three separate mailings targeting the same group of small businesses with each mailing separated by a two week window, and then the bank and Harland Clarke followed up that last postal mail drop with outbound phone calls to those small business prospects with the sole intent of establishing an appointment for one of the bank's business development officers to go out and meet with that small business and discuss First Financial Bank's products and services more in depth. The last program that the bank implemented as a result of the opportunity analysis was a HELOC check letter campaign able to identify a number of their HELOC borrowers who were either inactive or underutilizing their home equity line of credit, and so the program that was implemented for them was a three drop program targeting the same group of HELOC borrowers and suppressing those who may have acted on one of the postal mail pieces that they may already have received.

A sample of some of the results for them. Onboarding, 2.18%. Cross sell 8.56%. To put this in perspective, the Direct Marketing Association says that in a financial services environment, a direct mail campaign that generates a 1.5% to 2% response rate is considered to be a very successful campaign. In this case, 2.18% of those new account holders who receive an onboarding piece from a bank open up an account or a service and through the multitude of different cross sell campaigns that the bank conducted the overall response rate there was 8.56%, well ahead of what the DMA says is a well run campaign. By the way, that 1.5% to 2% response rate is a response rate for existing customers or members.

What is the bank continuing to conduct in 2014? They've continued with the onboarding program that's a consistent program that Harland Clarke managers for them. They've continued with the quarterly cross sell campaigns focusing on those legacy markets that they're in around Terre Haute where they're cross selling checking, auto, home equity and mortgage, and just like onboarding they're following it up with an email. They're doing a handful of other things this year a little bit different than what they did last year.

First off, they're conducting a brand awareness campaign in those growth markets that are primarily in eastern Illinois from those divested branches that they took over where they recognized that they've got low product penetration among the customers who came with the branch investiture. They're focusing on a brand awareness campaign in order to help strengthen the First Financial Bank name. They're looking to implement Shopper Alert in order to strengthen their credit portfolio. Shopper Alert is a trigger program that identifies when an account holder has applied for credit at a different financial institution. With the Shopper Alert program, First Financial Bank is going to focus on selling mortgages, auto loans, and personal loans. They will conduct a Refi Genius or recapture campaign where they're going to identify their existing account holders who have either a mortgage or auto loan at another financial institution and reach out to them with a refinance offer and encourage their existing account holders to refinance that loan that's with another financial institution and encourage them to refinance it with First Financial Bank.

With that, that brings us to the end of our presentation. I've addressed some of the questions that have come in through our chat function. Tracy, would you give our attendees instructions on how they could ask a question over the telephone?

Tracy: Absolutely. If you would like to ask a question, please signal by pressing *1 on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. We'll pause for just a moment to allow everyone an opportunity to signal for questions.

Steve: Someone had asked where the information on the cost of doing business through the channels came from. I'll make sure when a recording of this is sent out along with the slides next week that particular slide to which I was referring is included in this presentation.

Tracy: We did just have one queue up from David Simmons from Los Angeles Federal Credit Union.

David: Thanks for taking my question. Could you give some discussion to the issue on the cross sell offers that the members were presented with?

Steve: They were consistent with the offers that they would make on a regular basis. They did not do anything that was different than what they were doing already. That is something that I strongly recommend financial institutions to do. By that, I mean don't make a separate and distinct offer via direct mail doing something that might be different than what you may already be doing in the branches. Pure and simple, you don't want to cause confusion on the retail side of the house and have your platform folks or tellers get confused about if this customer gets $100 for getting a car loan even though we're giving a toaster in the branch if they come in and get a car loan. Our recommendation is always to be consistent with whatever you're doing on the retail side of the house already.

David: If the retail side is not incentive orientated, would you suggest an overall strategy shift so cross sells as well as regular members have additional incentives or that's up to the institution itself and its culture?

Steve: Typically up to the institution on that one. If they're not doing an incentive right now, often times institutions might hold those incentives to the direct mail portion to get a good feel for how the needle is being moved when it comes to direct mail.

I want to thank everyone for attending. Just a reminder, a PDF of the slides will be made available shortly after this session ends and then a recording and a copy of the slides will be sent to everyone who registered for this event and that should be coming to you sometime next week.

With that, thank you all very much. We'll talk to you at the next Harland Clarke webinar. Take care.