



Account Holder Insights That Unlock Greater Profit Potential

September 17, 2014

Proprietary and Confidential



Stay with us for Q&A at the end of this presentation.

A video replay of this webcast will be sent to you within the next week.

www.HarlandClarke.com



[linkedin.com/company/Harland-Clarke](https://www.linkedin.com/company/Harland-Clarke)



twitter.com/HarlandClarke



plus.google.com/+HarlandClarke



youtube.com/user/HarlandClarkeCorp



Presenter



Stephen Nikitas

Senior Marketing Strategist

- 30+ years experience in strategic planning, marketing, public relations and executive speechwriting
- Provides consultative services to banks and credit unions
- Develops marketing and retail strategies, and campaigns to grow targeted portfolios



Today's Agenda

- Harland Clarke National Banking Industry Database and Benchmarking Overview
- Using Opportunity Analysis for Marketing Planning
- First Financial Bank NA Case Study



Stacking Up Against the Challenges

- Acquiring and retaining account holders
- Addressing declining spread
- Growing a quality loan portfolio
- Meeting regulatory demands
- Operating within technical restraints

... All while focusing marketing dollars on the most efficient, cost-effective and measurable marketing plans



Top Marketing Priorities

- Acquiring new account holders
- Deepening account holder relationships
- Increasing wallet share
- Growing loan portfolio
- Encouraging channel shift

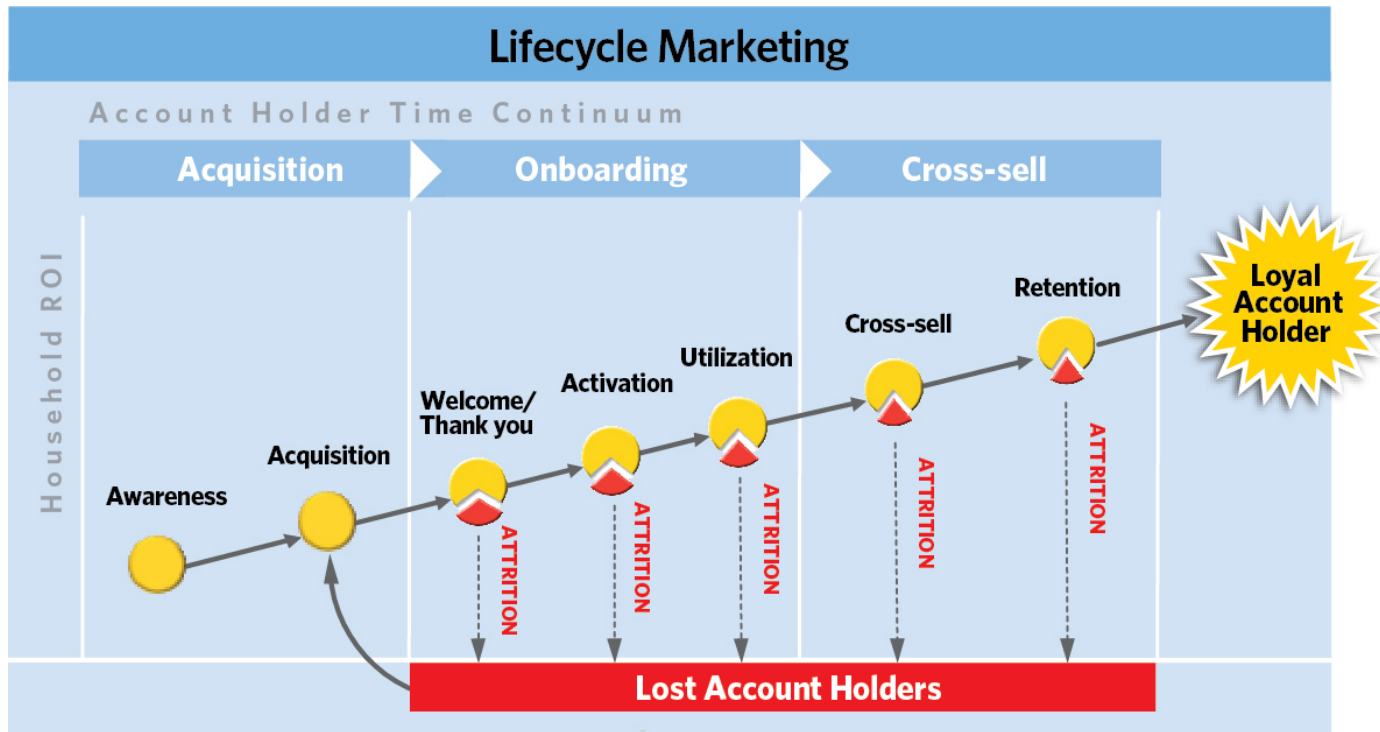
The State Of The Industry – Consumer Behavior

Financial institutions are focused on shifting the channels through which customers/members access their accounts

	Average Transaction Costs
In Person At A Branch	\$4.25
Telephone Call To Contact Center	\$1.29
ATM	\$1.25
Online Banking	\$.19
Mobile Banking	\$.10

- A large number (42%) of Gen Y consumers have never balanced a checkbook, as a result, they leverage online banking to manage their finances.
- Because 25% of Gen Y bankers do not manage their finances at all, they present an opportunity.
- Putting personal finance management (PFM) at the center of online banking will provide value, especially to Gen Y consumers who currently don't manage their finances.

Harland Clarke's Core Marketing Philosophy: Customer Lifecycle Marketing



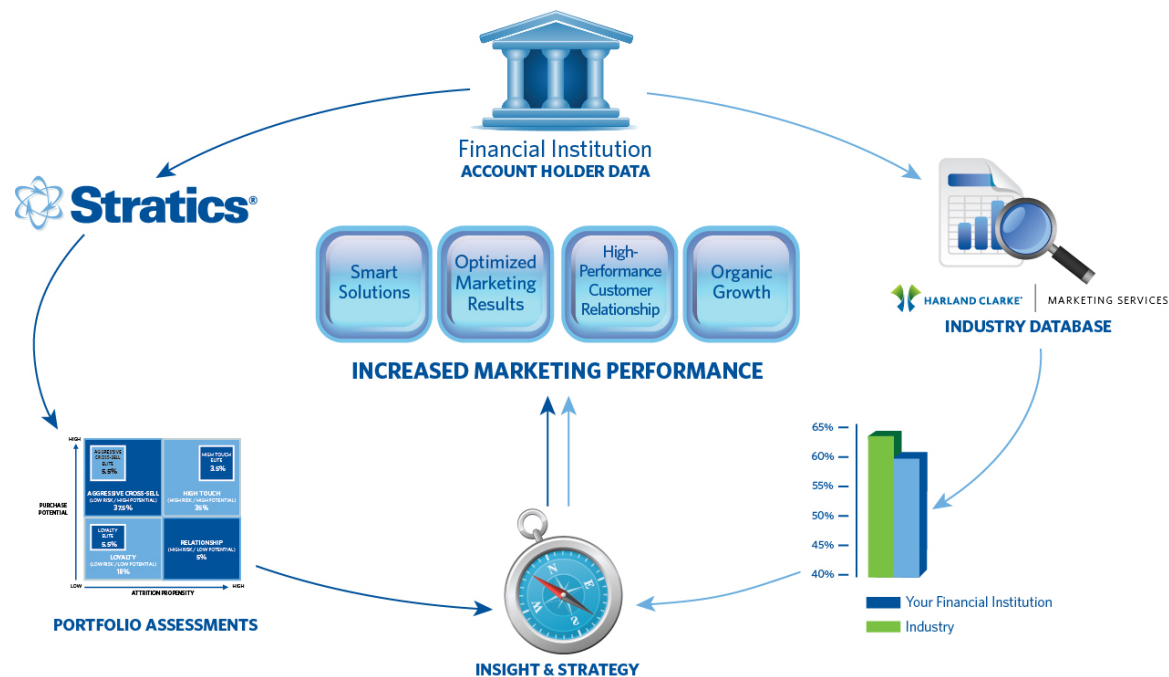
Connecting insights across the account holder lifecycle compounds the ROI benefits of any single program or campaign



The Data

The Opportunity Analysis: A Diagnostic Evaluation

- Provides key insight and information on client's portfolio
- Identifies significant opportunities and risks
- Includes product analysis and industry benchmarking
- Provides actionable recommendations and performance measurement



The Harland Clarke National Banking Industry Database



Proprietary and unique

55 million+ households
132 million+ accounts



Fresh and flexible

Continually refreshed
with new data
U.S. financial institutions
of all asset sizes



Protected and safe

Non-identifiable data



Opportunity Analysis Components

Value Segmentation

- Segments account holders by purchase potential and attrition propensity and includes detailed profiles on each segment (size, usage, opportunity, and marketing strategy)

Attrition Measurement

- Identifies attrition risk across various metrics, including attrition rates, attrition by number of products and attrition by tenure

Product Assessment

- Provides diagnostic information related to product penetration, performance over time and cross-sell ratios

New Account Holder Assessment

- Offers insight into your institution's account holder mix, including key behavior differences between new and existing account holders

Performance Benchmarking

- Identifies financial institution performance versus the industry for product penetration, channel usage and balances

Action Plan

- Recommends actionable strategies and tactics to achieve maximum marketing performance

Value segmentation prioritizes account holders for marketing action

Defines relationship strategies for your account holders based on their contribution and attrition risk

Aggressive Cross-Sell

- High potential, low risk
- Prime for growth; upsell to feature-rich products
- Invest aggressively; use communications to capitalize on and reinforce relationship value

High Touch

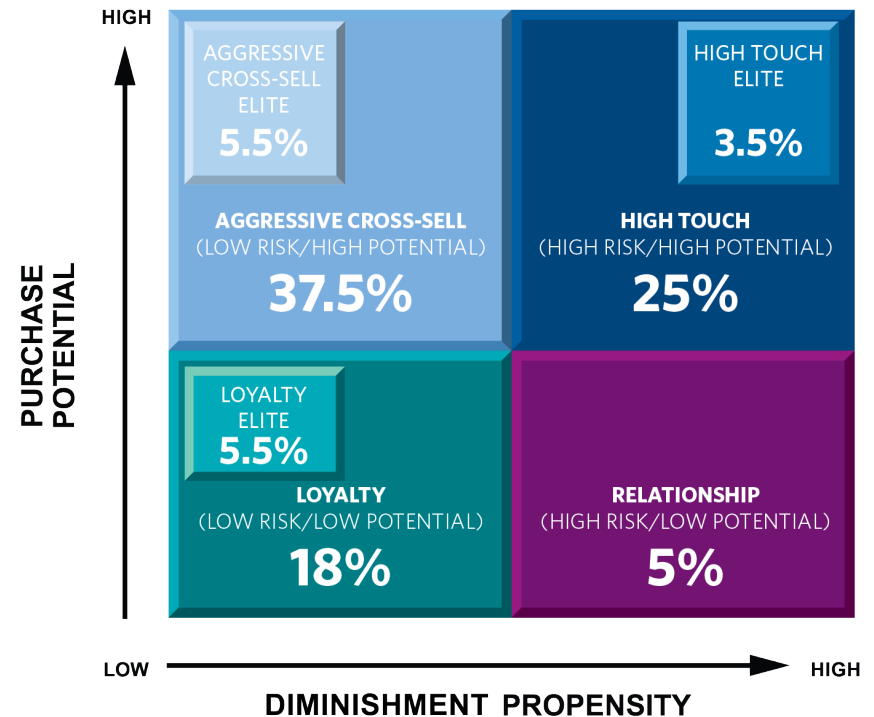
- High potential, high risk
- Proactive retention
- Invest aggressively; use offer-driven and educational communications

Loyalty

- Low potential, high risk
- High value, modest to little potential
- Must retain; invest wisely

Relationship

- Low potential, high risk
- Mixed value, very low potential; strain on infrastructure with little opportunity for incremental growth
- Low investment





Top Performers: Using Data to Stack the Deck

What Do the Top Performers Do?

- Gain key insight and information on their portfolio
- Identify significant opportunities and risks in their portfolio
- Perform product analysis for deposit, loan, electronic and other lines of business
- Use data to develop actionable plans with performance measurement

Six Things You Can Do to Stack the Deck in Your Favor

1

Use data — Increase overall marketing effectiveness

2

Prioritize — Go for strategic value and highest potential return with your marketing initiatives

3

Be account holder-centric — Deploy actionable and results-oriented marketing

4

Invest smarter — Focus on the right account holder with the right message

5

Grow wallet share — Increase cross-sell and improve retention

6

Align — Ensure all functional areas within your organization are coordinated with your retail environment

What Do the Top Performers Do?

Use purchase models to identify

Deposits

- Checking accounts
- Saving accounts
- Money market accounts
- CDs

Brokerage/Investment Services

- IRAs
- Annuities
- Mutual funds
- Equities
- Bonds

Loans

- Consumer loans
- Credit cards
- Mortgages
- Home equity loans/lines

Electronic Services

- Debit cards
- Online banking
- Bill pay service
- eStatements
- Mobile banking

Sample Marketing Plan

Direct Marketing Calendar													
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Onboarding													
Welcome letter w/email	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	12,300
30 day letter w/email		1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	11,275
60 day letter w/email			1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	10,250
90 day letter w/email				1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	9,225
Onboarding Totals	1,025	2,050	3,075	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	43,050
Cross-sell													
Cross-sell - Four Products/ Based on Propensity (3,000 each product)	12,000		12,000		12,000		12,000		12,000		12,000		72,000
Recapture													
Recapture - 25 percent of account holder base		30,550			30,550			30,550			30,550		122,200
Shopper Alert													
Shopper Alert - 5% of account holder base	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	62,400
CD Maturity													
CD Maturity - 4,700 CDs	345	345	345	345	345	345	345	345	345	345	345	345	4,140
Retention													
Retention - High Touch Elite, Aggressive Cross-sell Elite and 10% of Relationship			8,500						8,500				17,000
Home Equity Activation and Utilization													
HELOC Activation/Utilization - 50% of Call Report total - 2,257		1,130		1,130		1,130		1,130		1,130		1,130	6,780



**Case Study:
First Financial Bank NA**

First Financial Bank NA: A Quick Snapshot

- Headquarters: Terre Haute, IN
- Branches: 73
- Asset Size: \$3B
- Communities Served: 46 communities in Western Indiana and Eastern Illinois



First Financial Bank NA: Situation Analysis

- Previous marketing program not producing desired results for new growth and increased share of wallet with existing customers
- Diverse markets: well established legacy markets and new growth markets
- Sought consultative marketing strategy guidance

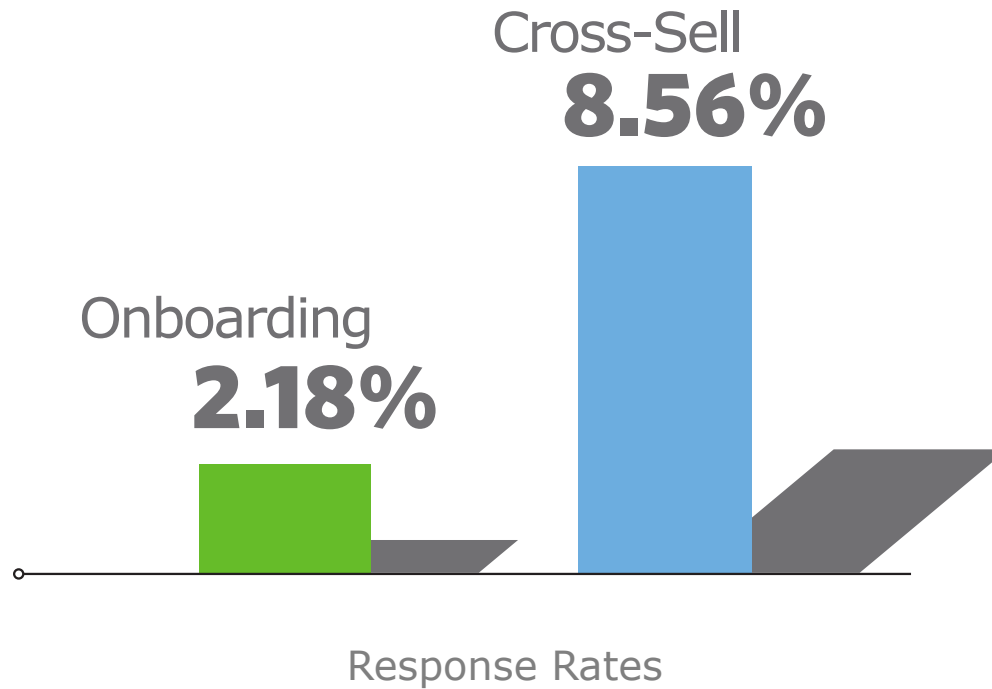
First Financial Bank NA: Opportunity Analysis Findings

- Opportunity Analysis delivered November 2012
- Identified cross-sell, onboarding and small business acquisition opportunities
- Springboard for changing planning process, leading to creation of yearly marketing planning calendar

First Financial Bank NA: Marketing Calendar

- Based on the Opportunity Analysis, implemented direct mail supported with email
- Kicked off Onboarding program July 2013
 - Welcome Letter, followed by 30-60-90 day product letters
 - Follow up email
- Initiated quarterly Cross-Sell campaign beginning 2013
 - Three mailings, with letters focused on Checking, Auto, Home Equity and Mortgage
 - Follow up email
- Implemented Small Business Acquisition direct mail campaign April 2013
 - Three mailings, spaced two weeks apart, to the same business customers
 - Follow up phone calls
- Mailed three HELOC check letters throughout 2013 to low utilization customers

First Financial Bank NA: 2013 Campaign Results



First Financial Bank NA: Marketing Calendar

- Continuing Onboarding program with Harland Clarke in 2014
 - Welcome Letter, followed by 30-60-90 day product letters
 - Follow up email
- Continuing quarterly Cross-Sell campaign with legacy markets in 2014
 - Checking, Auto, Home Equity and Mortgage Letters
 - Sending follow up email
- Currently in Creative and Design stages for following programs
 - Brand Awareness campaign to growth markets
 - Shopper Alert™ - Mortgage, Auto and Personal Loans
 - Refi Genius™ - Mortgage and Auto

Q&A

Press *1 on your phone or use the chat window and send your question to “All Panelists”

Stephen Nikitas, Senior Marketing Strategist

A video replay of this webcast will be sent to you within the next week.

www.HarlandClarke.com



[linkedin.com/company/Harland-Clarke](https://www.linkedin.com/company/Harland-Clarke)



twitter.com/HarlandClarke



plus.google.com/+HarlandClarke



youtube.com/user/HarlandClarkeCorp