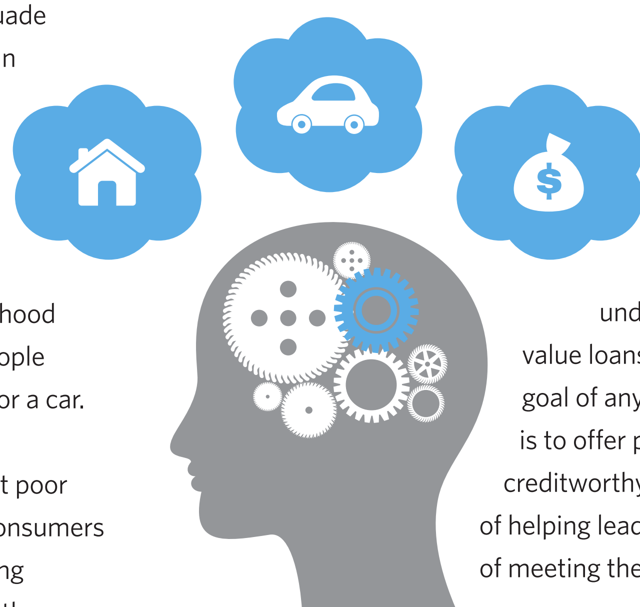
The Myth of Evil Loan Offers

Mara Friedman, Senior Market Strategist

In 2014, I placed more focus on helping my financial institution clients use consumer credit data to extend prescreened loan offers to their account holders. While I believe offering prescreened loans is important for both my clients and their account holders, I often receive more than my share of looks of disdain from those outside the financial services industry. These looks are usually accompanied by the comment, “Oh, so you actually spend your time trying to convince consumers to get into more debt?”

Financial institutions are never trying to persuade consumers to take on more debt than they can afford or to place loans in the hands of those without sufficient ability to repay. Loans are not inherently bad. In fact, banks and credit unions exist primarily to extend loans in lieu of the alternative… consumers having to borrow from a neighborhood loan shark. Truthfully, without loans, most people wouldn’t be able to afford things like a home or a car.



Society seems to have given “loans” a negative connotation and people often fail to understand the long-term value loans can provide. But, the goal of any financial institution is to offer prescreened loans to creditworthy consumers in hopes of helping lead them down the path of meeting their financial goals.

No reputable financial institution wants to put poor quality loans on its books or make offers to consumers who are unable to afford them. By prescreening offers with credit data, my clients can ensure they are effectively using their marketing dollars and reaching the consumers they are most likely able to assist. In some cases, this does mean extending a new loan to account holders for car or home purchases. But in many other instances, the offered loan is actually helping the consumer to refinance or consolidate existing, higher interest rate loans.

These types of loans help strengthen financial institutions’ balance sheets, making them sounder, while simultaneously helping the public reduce their debt. In fact, offers to refinance existing loans at a lower rate serve as a sanity check, almost a “second opinion,” which informs consumers about the validity of the rates they are currently paying.

Mara Friedman is Senior Market Strategist for Harland Clarke, where she advises clients on developing direct marketing strategies that target both existing and prospective customers to best meet their financial objectives. Mara has more than two decades of experience providing strategic marketing leadership — mainly for financial institutions — at some of the world's leading organizations.

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