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Close Loans with Your Account Holders Before Your Competition

TRANSCRIPT

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Matt: Good day, and welcome to the webinar. Today's topic is Shopper Alert – Close Loans with Your Account Holders before the Competition. This webinar is being recorded and will be provided to you along with the presentation recording and deck within a few days. I will now turn the call over to Stephen Nikitas, Senior Strategy Director with Harland Clarke. Mr. Nikitas you have the call.

Stephen: Thank you, Matt, and good afternoon everybody. Welcome to our webinar today talking about Shopper Alerts, Shopper Alert prospectors. Obviously, this is an opportune time to talk about credit acquisition. We've got a large number of attendees on the line with us today, so certainly for the rest of this year and into 2016, it looks like loan growth is still foremost on the minds of most banks and credit unions out there.

Let me go to our next slide and talk a little bit about what we're going to do over the course of the next 60 minutes. As you heard, Matt introduced me. My name is Steve Nikitas. I am a Senior Strategy Director with Harland Clarke. I am actually coming up to my fifth anniversary with the company. Thank you very much, Harland Clarke.

Prior to joining the company, I had about 30 years of experience in the financial services world. My role here is to help financial institutions to implement marketing services programs that are focused on helping both banks and credit unions to grow targeted areas of their loan and deposit portfolios.

My guest today is Stephenie Williams. Stephenie, why don't you take a moment and tell our attendees a little bit about yourself?

Stephenie: Sure. Thanks Steve. I'm a senior market strategist with Harland Clarke. My focus is on our lending solutions; Shopper Alert and Shopper Prospector are two of those solutions. My background in coming to Harland Clarke – I'm a lender at heart. For about 20 years, I've worked in lending from product management to marketing, and even a little bit on the sales side as well as underwriting. I have a good background in prime, non-prime, consumer, and small-business lending. That perspective allows me to share with you some of the benefits that solutions that Harland Clarke brings to the table can provide.

I have also looked at our solutions on the broader scale for lending, whether they apply for small business or consumer and the ROI that those deliver. Those are going to be significant return on investment for our clients. With that Steve, back at ya.

Stephen: Excellent. Thank you very much, Stephenie. Before we go any further, it is highly unlikely that any of our attendees today are going to attend another webinar anywhere else where their hosts will be Stephen and Stephenie. This will certainly be a unique afternoon for everybody on the lines.

Here's what we're going to talk about today. I'm going to talk a little bit about Harland Clarke's approach to customer or member lifecycle marketing, and then I'm going to kick it over to Stephenie, who is going to talk about the Harland Clarke loan ecosystem. She'll share with you information on Shopper Alert, and then we'll talk about what you can expect should you look to implement a Shopper Alert program at your financial institution.

I'll also share with you information on the results that we see other financial institutions experiencing who have implemented Shopper Alert. Today, there are about 100 Shopper Alert clients with Harland Clarke who on a day-in-day-out basis are putting the marketing service program to work for them in order to attract credit products.

We'll also leave time for questions, and if you have questions, simply type it into the control panel on your webinar page, and at certain points during the presentation and certainly at the end, Stephenie and I will take time to go through those questions and do our best to respond to whatever questions or areas of interest that you have. At the same time, a recording of today's presentation is going to be made available a week or so after the conclusion of this event, so fear not, you'll get the slides and you'll also get an opportunity to hear again Stephenie and myself going through today's presentation.

Let's talk about the customer or the member lifecycle approach. Harland Clarke's philosophy on marketing is to help financial institutions. We address account holder issues from the acquisition through the cross-sell retention stages. Our philosophy is, we want to help financial institutions acquire new customers or new members; onboard those new customers or new members in order to help them activate; and then eventually utilize the accounts that they have come to the financial institution for in the first place. In order to help financial institutions gain more wallet share and deepen their product relationship with their new account holders, Harland Clarke provides a wide range of marketing products and services in order to help financial institutions do just that. Hence, our topic today: Shopper Alert.

When we talk about Shopper Alert, look at it as a two-pronged program. Shopper Alert can be focused on your organic or existing customer or member base in order to help you stay on top of your existing account holder credit needs. At the same time, you can use Shopper Alert in order to prospect as a way to acquire new customers and/or new members who happen to need any type credit product. With that, I'm going to give the reins right now over to Stephenie and let Stephenie talk a little bit about the Harland Clarke loan ecosystem. Stephenie.

Stephenie: Thanks Steve. This is a great illustration which gives you an overview of some of the solutions that Harland Clarke can provide to your organization to meet your overall lending needs. As a quick overview, Shopper Alert is listed here at the top for a couple of reasons. One, it has a very high response rate, and it is also a trigger program so it's very instantaneous.

One thing to note in looking at this particular solution is because of the rapid-fire nature and dealing with real-time data, the universe available to solicit using Shopper Alert is generally small. We'll talk about it as we walk through the full solution, but just to put it in your mind, being focused on consumers that are out shopping for credit, in general, we see that somewhere between three and six percent of the population as a whole. Because of that statistic, this program, high performer, but it only offers a small opportunity.

Loan Engine is a solution where, as Steve pronounced, Shopper Alert, we'll address, both to your existing customers or members as well as prospects. Then, migrating down to Loan Engine, it too delivers a very high response rate. The universe size expands a bit. It expands, looking at all of your members and will look at those that can be credit approved. In general, we usually see about a third of anyone's portfolio will pass prescreen criteria.

Larger than Shopper Alert, when you're talk about that to members, three to six percent of your members are probably shopping on any given month, so you compare that to about 33 percent passing for Loan Engine, you're building size, but still having a high return.

The last two components of our ecosystem really focus on what you would view as traditional prescreen campaigns. Refi Genius is focused on rate and term refinances for your existing members, looking at what auto or home equity loans they might have elsewhere, projecting a payment, comparing that payment to the offer you're willing to provide that client, and then showing them a payment savings. That too generates a very high response. That's done in a campaign on an as-needed basis. Most of our clients look at that on a quarterly basis.

Finally, Loan Magnet – that's to serve your campaign needs. If you have quarterly campaigns for home equity or quarterly campaigns for auto; you're looking for prescreen criteria; you want to leverage response modeling; that's really what Loan Magnet does. Loan Magnet can provide those services. I should have mentioned Refi Genius and Loan Magnet both can provide those services to existing members or customers as well as prospects. We work with you to establish the criteria.

Loan Magnet – one thing I do want to mention is, because consumers haven't raised their hand and already shown interest in a loan product, generally we're trying to predict or out-predict their behavior. The response rate isn't the highest of the solutions offered but is still a very solid performer.

Now that we understand the landscape a little bit, let's talk through our Shopper Alert solution and things that it brings to the table. Much like we just described on the last slide, talking through the different solutions within the ecosystem, this diagram really helps you to better understand. Imagine, if you will, this entire pyramid represents your loan acquisition/loan application pipeline need. You'll see layering in these solutions, just like there's no silver bullet for many challenges in life, for lending, most of our clients experience the same thing. They can't go just to one sole source to fulfill their application pipeline. Most of them will run lending campaigns in their branches; maybe they'll put a rate out in a newspaper ad; do a direct mail piece; or have calling campaigns.

This diagram really helps to depict the multiple sources that are required to fulfill your need. The progression of those, it's interesting that the smallest volume campaigns, generally speaking, are the most targeted and therefore delivering the greatest return on investment. We wish that we could generate all of our volume at the highest ROI, unfortunately, our appetite for additional loan volume is great, so we generally have to look at other sources for that volume. Now, let's look a little bit further at Shopper in particular.

How does this work – Shopper Alert? We're all familiar with going out and applying for a loan on an auto lot, recognizing that that application for many auto dealers is shot-gunned to multiple lenders. The same is true with credit cards; as soon you apply for a credit card, they go out and they do a hard pull against the bureau to find out if you're credit qualified. The same occurs for a mortgage, for a HELOC, or any number of products.

Shopper Alert capitalizes on that activity, both for, at your direction, your members or for a targeted geographic location around each of your branches. Within 24 hours of either the customer or the prospect reaching out, looking to acquire credit, a trigger is returned to Harland Clarke, which can be for a mortgage application, an auto application, a credit card, or a personal loan. Upon receipt of that trigger information for your financial institution, Harland Clarke will turn around within 24 hours, send out a preapproved direct mail piece, and provide you with that lead.

One of the elements that's important in this mix is – as I just walked through that, you're probably saying, "Well, everybody that applies is not somebody necessarily that I want as a lead. They might not be credit qualified." The good news is with this process, as we go through the set up, we also take from you your credit criteria. We program that in, so of the triggers that come in on a daily basis, they are screened against your credit criteria before that is taken as a trigger for your campaign. These are e-mailed if you so choose; direct mailed for all, and then phone follow up with either your calling resources calling, or Harland Clarke can provide that service for you.

What are some of the benefits? Why would I do Shopper Alert rather than my monthly or quarterly home equity campaign? The reason that it's so valuable – the key benefit is that you're just in time – you know a borrowing need is on the mind of your member or your customer.

Another benefit that is unique to Shopper Alert – many times we'll have clients that had initially been doing a trigger program directly with their bureau and we start talking, asking what volume they're getting. We conduct what we call a look-back analysis, which we can take your trade area or we can take your customer file and look back at the last 30 days to see what percentage of your customer file is actually shopping.

When we've gone through that look-back analysis, what we found is, "Wow, three bureaus make a difference." Clients that are doing it directly with a single bureau are getting a lower number of triggers per month than those that we look back in our tri-bureau mart and see. In general, we'll see about a 75 percent lift from just using a single bureau to going with three bureaus. That's a big benefit.

As I mentioned before, as a part of the setup, we work with you to bring in your credit criteria so that those that are coming through and are ultimately passed to your institution have already been prescreened. When they come to underwriting, it's not a case of a bad customer experience where you call them, generate some interest about a mortgage, and then you decline them. Because we've gone through that due diligence of capturing your credit criteria up front, the pull-through rate is very significant.

One of the things our clients find to be the greatest advantage of Shopper Alert is the fact that it is a closed system, if you will. It is all self-contained. When you work with Harland Clarke and you initiate the process, there is time investment to get it up and running upfront; however, then it runs like a machine in the background, just increasing your business as usual application volume. We work with you to lay out the creative at the outset; we get your credit criteria at the outset; and if you're working with us on telemarketing, we set up the script at the outset. That just runs behind the scenes every day.

Ultimately, what we find one of the benefits of this solution is, it also helps your existing customers or prospects at large recognize you're definitely there in the market; you're ready when they're ready to borrow. It's a nice retention tool, if you will, for existing customers and an awareness tool for prospects.

The last benefit of this program – we work with you in the setup process in order to provide us with a loan application file. What we leverage that loan file for is we compare it back to the triggers and then on a monthly basis, we provide you with reporting. That reporting includes everything from showing you the total number of people that raise their hand to redeem. It shows you the status of those that were approved, those that funded, and those that withdrew, so you have a clear picture of how the program performs, and ultimately providing you with a return on investment calculation.

This slide is a great cue. Why does Shopper Alert make so much sense? We have clients out there that are acquiring loans for as low as $75.00 a piece. A lot of that is dependent upon the follow up of activities that they conduct, or if they hire us to conduct phone follow up. Our greatest programs – I know when Steve talks to the results in a little bit, he'll be walking through all of those best practices.

Because a consumer is in the market for credit, reaching out to them makes a whole lot of sense, and even if your trigger comes up – let's say it comes through as a mortgage trigger, you might get into the dialogue with that member or that customer and find out, "Really, their need could be satisfied with a home equity line of credit." By walking through and helping them make the right credit decision for their situation, that only builds your value and helps protect your wallet share with that member or customer.

Some of the things you might want to know and I've mentioned initially, some of these, is that about four to six percent – sometimes we say three to six percent of your members or customers are shopping. Are you capturing that?

Are you already talking to them on a regular basis? Are you sure you're there at their time of need?

Most of those consumers are going to be making their decision within one week of that initial trigger. The decision they're making is what lender they're going to use. It can be sooner than one week. You have some products like auto, in some cases, can be instantaneous, so it's vital that you conduct that follow up and that you get an opportunity, or what we call an "at bat" with your existing customer.

Again, just reminding you of the process; with this process, you get the trigger, we send the mail, and you get the list to make phone follow-up calls, all within 24 hours of your member or customer exhibiting that purchase behavior.

As I mentioned a little bit about why three-bureaus matter and how it compares, this slide depicts it really well. It shows you the incremental benefit for each additional bureau. If you look at this diagram, the blue bar represents the number of triggers that would come through on a single bureau. The blue and the green bars represent if you went using two bureaus, so if you would just leverage a second bureau, you get about a 45 percent lift in the number of triggers that you're able to capture. The last bar shows all three, and the overall incremental one versus three is a 75 percent lift in the number of triggers you'll see on a monthly basis.

As we walk through this, we have some clients that haven't necessarily done a lot of prescreens, so it's important as we walk through the process, to recognize "Hey, there's some things about my organization I should think about before embarking on something like a Shopper program – a trigger program."

There are regulatory issues. We always encourage our clients, depending on what institution you're with, some people might call compliance sales prevention. We find that the most successful programs from the outset have engaged their compliance officers in the process, making sure that they're informed and that we're able to answer their questions along the way creates a better, more seamless program.

Something else to consider as we're going through this pre-selection process is what's required. What do I need to put in my offer to consumers? We need to make a firm rate offer, and we need to be really clear about the minimum dollar amount that we're offering to that member or consumer. We're seeing in some places too with some of the bureaus, that that minimum dollar amount needs to be relevant. For instance, on a car loan, if you go out and prescreen and you get a trigger for an auto and your minimum dollar amount for an auto is $1,000.00, for most vehicles, that's not relevant. That's really not effective for a consumer to then purchase a vehicle, so there are some limits. You have to be realistic.

Most recently, we've been using $5,000.00 as the floor on auto. As we walk through the deployment process with you, as Steve mentioned, having worked with 100 customers on this particular solution, we have a lot of repetition, and we've gained a lot of field knowledge in this process and can really help and consult you as we walk through that process together.

We also find that the most successful program, right from the outset, it's not a standalone marketing campaign. They have their lending partners involved. Whether that is a product manager or underwriting department, definitely have them engaged in the process to roll this out.

Lastly, the IT department – if you're looking at this from a tracking perspective or upfront in providing your member or customer file, it's really important that we have IT engaged so that they can provide us with those data points.

The pre-selection requirement – in all of these programs within our ecosystem, they fall in the pre-selected, preapproved, depending on your institution's preference of those four choices. It falls in that space, meaning that you have to provide them with a firm offer of credit, which includes the interest rate, and, as I just mentioned, the minimum dollar amount. Just because it's in the offer does not mean that you can't reject that consumer if they fail to meet your criteria. If a part of your prescreen criteria is focused on leveraging maybe an income estimator or it's dependent upon a home loan devalue ratio for a home equity account, if that consumer comes in once to accept your preapproved offer, can't substantiate their income, or their loan-to-value doesn't meet your guidelines and you've stated those guidelines in the disclosure, you don't have to originate that loan.

It's important that as you walk through this process, you recognize that you're not painted into a corner. There are ways that you can set up this program in a light that is very acceptable for your underwriting team. Steve, are there any things around that pre-selection requirement in working with some of the clients you work with that we should call out in addition to what's here.

Stephen: I think, Stephenie, based on what you're saying, you've really done a good job succinctly of covering what I typically see out there, so no. I really can't offer anything above and beyond what you've already mentioned.

Stephenie: Okay, I just wanted to make sure before we moved on, because sometimes, especially with those that haven't been in this space before, we find they get a lot of questions and want to give the right answers to their compliance teams and want to convey the positive benefits this program can provide but just need a little more knowledge. Thanks, Steve.

Stephen: My recommendation is always as you're evaluating the program, I advise financial institutions to make sure your compliance people are involved at the very, very outset. When that happens – when compliance people get an opportunity to get their hands around Shopper Alert, I think a lot of concerns are put to rest sooner rather than later. It helps the implementation go that much more smoothly.

Stephenie: The next step in the process is if you've decided and you've worked with your organization, and you want to move forward with the program Shopper, one of the things that some clients are surprised by as we walk through this process is that we need to work with them to establish authorization with the credit bureaus to leverage this tri-bureau database that we use. There is an application process that we go through that includes three to four documents that need to be signed and provided to the bureau. Harland Clarke helps you walk through that process, but it's something that we just want to make sure that no one's surprised by. By going through that process, it doesn't change any existing relationship you have with the bureaus; it's just getting data that is part of this mechanized process through a different channel. It's still the same bureau data, Transunion, Experian, and Equifax. It's just being consolidated for the opportunity to have visibility to more triggers on a daily basis.

One thing that's important and the reason you go through this sign-up process with the bureaus, is because of the tremendous value that preapprovals can provide. It can provide you streamline where you don't have as many withdrawals or declines in the redemption process. Consumers see that, as a financial institution, you've put a stake in the ground. You're committed to them. That increases your response rate overall. That application process with the bureaus that I described, it happens once at the outset of the campaign, and if you change your creative, we just submit the creative for re-approval, but there's no more paperwork in that process. As I mentioned, our client management team, our deployment team, helps you along that process.

Another way in the deployment process we walk alongside you is we do offer some quick-to-market creative. This is a sample of the quick-to-market creative, and what it includes is some of the things that we've learned over time in terms of best practices, from some sample disclosures that have been through compliance and have already been to the bureaus and been approved from a format and language perspective. You certainly have the ability, and we always recommend that you leverage your compliance folks to review these letters. If you haven't been through this process before, it's a good starting point, so you're not providing your compliance team with a white piece of paper trying to get them to figure it out for the first time. This is very helpful.

As you can see from this particular letter copy, it gives you the option to include your logo; that's what's represented by the "XYZCU" at the top. It also has the opportunity to switch out some of the graphics. In this case, it was a home for a home equity or mortgage solicitation. If you have a particular graphic element that you want included there, we can do that. In addition to this quick-to-market version of our creative, if you would prefer, we can develop custom creative based on your particular branding standards.

Steve mentioned at the outset and I've tried to pepper throughout, all of this service that is monitoring your existing customers or members is also available for prospects. It's available for prospects by looking at targeted areas around each of your branch locations. One of the things that we find when we're monitoring for prospects is that the volume for prospects is far greater just by the nature of larger population, far greater in terms of number of triggers that we'll provide you than for your existing customer base.

In working with clients, we find that some of them have – most of them have – finite marketing budgets. We can work with you to establish upper end thresholds for prospects. Maybe you only have budget to allow for 5,000 leads per month in your area; we can cap those leads on a daily, weekly, or monthly basis to allow you to manage your budget effectively.

We also find, whether it is most significantly on customers but also prospects, if you have a consistent calling program in place, you're going to get the best results. It's that duplication of communications and number of impressions around the offer that will ultimately yield the greatest conversion rate.

If you want to get a sense of what the market size opportunity might be, we can also do a look back for your market from a prospect perspective. We'll look at your geographic area in the last 30 days and look at triggers with some specific parameters. In that look-back process, we can scale it by some real basic cuts, like FICO score cuts, so if you know that your underwriting team won't approve anything under a 700, we could look at the number of triggers in your market for a mortgage that were above 700, or for auto, or for personal loans. We can help you size the opportunity as you look to offer this type of a solution for your marketing team.

Steve, with that, we've done a nice tour of what the product is, what it offers, and what it delivers to prospects and customers, but what does it deliver to the financial institution in terms of results?

Stephen: Thank you Stephenie. I'm going to take the reins from here. Stephenie, before I go into this though, we've got a handful of questions that it's probably a good time to put these on the table if you don't mind.

Here's a question that came in early on. How long does it take to implement Shopper Alert?

Stephenie: Great question. What we're finding is that it takes about 8 weeks from initiation of the program having our kick-off meeting with the financial institution and their team before they can start receiving triggers. Depending on the time with which they complete paperwork, that might extend to about 10 weeks, but generally speaking, we're in that 8 to 10-week window.

Stephen: This is on the heels of something you brought up on the last slide – training. Does Harland Clarke help the financial institution to roll this out internally and make sure employees understand the program and how to make it perform to the best?

Stephenie: Absolutely. One of the things that we've found and learned after stubbing our toe with our first five clients is that we assumed that a lot of them would be prepared and had training staff that was able to go ahead and train as to how to use this solution. We found the case to be quite different, and many clients rely on us to partner with them and their training staff in order to facilitate training, explaining to customer-facing representatives how to approach a conversation on somebody that's just triggered. You want to avoid things like the "big brother feeling" of, "Hey, I see that you just applied for a mortgage loan; don't you know we have a better mortgage rate?" That's probably not the way you want to address that phone call.

Our training will work with your trainers to educate your selling staff on how to have a conversation with a member or customer. It's really a satisfaction call type of approach. That opens the door to a conversation about their current borrowing need. Absolutely, Steve, we partner with you. We will send somebody if that's your desire or we'll have phone training like a "train the trainer;" whatever works best for your institution is absolutely the kind of support we can provide.

Stephen: Excellent. Thank you, Stephenie. I've got a bunch of other questions, but I'm going to hold off on those until we get to the end of this presentation, but you folks on the phone, keep firing away with any questions that you have, and Stephenie and I will do our best to make sure we address all of them.

Those of you who might be heading up a marketing department at a bank or credit union right now, in having been there myself for many, many years, we never seem to have enough money in our budgets to do all the things that we would like to do. When we hear about programs like Shopper Alert, while they sound intriguing; while they certainly sound like a way that we can bring our loan-to-deposit or loan-to-share ratios back up to where they should be, there's a bit of unknown here, right? Everything sounds great, but in reality, what can I expect as a financial institution? What kind of results will I see should I implement the program?

To help financial institutions fully understand the impact Shopper Alert can make on them, Harland Clarke provides what we call a free look-back analysis. It is an analysis that only takes us a week or so to conduct, and all we need is your customer or member files in order to do that. It is usually an eye opener for financial institutions. I've performed many of those look-backs, and I will say across the board from one financial institution to the next, many, if not most institutions are surprised at the numbers of their account holders who are out there applying for credit products, and, unfortunately, not applying for those credit products with their particular financial institution.

Here's an example of what you might see in a look back. These are actual numbers of a look back that I performed for an institution some time ago. Their name will remain anonymous, obviously, but if you look at the percent of file on the right-hand side, this is normally what I see when I conduct a look back. In this case, let's look at mortgage – that top row. What percent of your account holders during this particular month – by the way, when we conduct these look backs, we use a 30-day window. For example, if we were to do a look back for a financial institution today, we would start a month ago and go up to September 22nd or 23rd in order to give you the most recent and relevant results about what your account holders are doing. In this case, 52 percent of their account holders during that 30-day window were – 52 percent, I should say, of all the credit inquiries that took place in that 30-day window, happen to be for a mortgage or home-loan prospect.

Eleven percent of all those inquiries were for an auto product. Bankcard or credit card – about a quarter of all the inquiries were for a credit card product.

Installment loans – this could be anything from a boat loan, RV loan, or an unsecured signature loan. In this case, about 12 percent of the account holders who were out there looking for credit were looking for that type of a loan product.

With the look back, it gives your financial institution a feel for what you can expect from Shopper Alert. Once we flip the program on for your institution, you'll have a better indication of what types of loan products you'll be out there pursuing.

Stephenie: Steve?

Stephen: Yes, Stephenie?

Stephenie: Quick question. The slide that you were showing, is that representative? You've been through lots of these. Is that fairly representative of the division of triggers?

Stephen: Yeah, I would say pretty close. What I typically see – as we get into the deeper, winter months of the year – December and January – I might see that mortgage percent drop into the 45 percent range or so. Surprisingly, auto is always around 11, 12, or 13 percent. You would think, particularly in the current world, that auto activity would be a little bit more vibrant, but it always surprises me anyway that it's down there in the low, double digits.

The one item I would change from this chart that might be a little bit depressed is that installment percentage of 12 percent. Usually I see that higher and may be taking more share from the credit card or bankcard category, which for the most part is pretty typical. As we get into the warmer months of the year, you'll see that mortgage activity go up, back into the low 50 to mid-50 percent range.

Stephenie: Thank you.

Stephen: You're welcome. As Stephenie mentioned, this is a prescreen program. The luxury of that is we're not reaching out to all of your account holders who are out there looking for a credit card. We're only reaching out via Shopper Alert to those account holders who possess the credit attributes or credit criteria characteristics that should they apply for a loan with you, those loan applications stand the highest likelihood of crossing the goal line or going across the plate, if you will, for those of you who are baseball fans.

As part of our look-back analysis, what we'll also share with you is the FICO scores of those particular account holders who during that 30-day, look-back window, apply for credit somewhere. Again in this case, let's take this row by row, those with FICO scores under 620 accounted for about 21 percent of all the credit inquiries. Those with FICO scores between 620 and 640, 7 percent, and then FICO scores 640 and above, are about 73 percent of the student body in this particular case. These numbers are relatively typical.

In the look backs that I have performed – I've probably performed a couple hundred over the last three years or so that Harland Clarke has been offering Shopper Alert – sometimes I'll see 640 and above FICO scores coming in maybe in the mid to high 50 percent range. Other times, I'll see it maybe touching the low 80 percent range, but normally this is a good representation of the FICO scores of the account holders within your institution who are out there looking for credit on a month-to-month or daily basis.

On the next slide, let's start talking about results. As I mentioned, we've been offering Shopper Alert now for better than three years, and I work with several dozen financial institutions, both banks and credit unions, who have implemented Shopper Alert. On average, I see response rates between six and seven percent, meaning that between six and seven percent of all the Shopper Alert letters that are sent out each month, ultimately result in a loan application being submitted to the financial institution.

Those marketers on the phones today know that the direct marketing association said that a one and a half to two percent response rate through a direct mail campaign in the financial services world is considered to be a really good program. With Shopper Alert, we're seeing two to three times better than that performer. I have some financial institutions with which I work are actually seeing response results in the mid to high teens, so we're really knocking it out of the park when it comes to making Shopper Alert work for their institution.

At the same time, the pull-through rates are extremely high. On average I see about a five to seven percent declaration rate, again with Shopper Alert as the prescreen program, so we're only reaching out to your account holders who have the credit criteria that you have deemed appropriate for those that you would either preapprove, prequalify, or preselect, whatever terminology you elect to use, and again should and when they submit a loan application with your financial institution, it is highly likely that that is going to end up on the books, so there are very, very high pull-through rates, and at the same time, very low withdrawal rates. I work with many financial institutions where the withdrawal rates are in the low, from a percentile perspective, single digits. That piece of paper that you're bringing into the bank or credit union has the highest likelihood of getting closed.

Sharing some results with you – I work with a large, New England regional bank of relatively good size – $13,500,000,000.00 in assets – and since they started the program, they have a return on their investment better than 2,000 percent.

One of our early Shopper Alert adopters is a bank in Texas. They are actually the third financial institution that implemented Shopper Alert three years ago – $5,000,000,000.00 in assets. This is a little dated on this screen, but they are getting about a six percent overall return – very strong when it comes to mortgages; very strong when it comes to auto loans; very strong when it comes to personal loans. This particular bank, by the way, was a learning experience for me, and I do a lot of the Shopper Alert training. One of the reasons why it was a good learning experience for me was because this particular institution learned early on that Shopper Alert is a great way, not only to capture that loan opportunity that is sitting in front of them because the customer or member happened to go somewhere and apply for a loan that day or that week, I should say, but at the same time what this petition does, is it uses that outbound phone call that it places on a regular basis as part of the outreach affiliate with Shopper Alert in order to recapture loans that their particular customers have written or have with another bank or another credit union.

In this case, the bank utilized Shopper Alert to pursue the loan that their customer has applied for somewhere else. As they are engaging that customer in a conversation about their credit activity, they also segue into a conversation about other loans or other credit products that that customer has at other financial institutions, and this bank does a great job of recapturing a lot of that business.

On our next slide, $8,000,000,000.00 credit union in California; again, a good size, particularly for a credit union. Since they started the program, more than $15,000,000 in loans.

Early adopter, in fact, our second financial institution is a billion dollar credit union in Maryland; in this case, they're knocking it out of the park, if you will, again using a baseball expression, with a better than 10 percent application rate. With this particular credit union, as I mentioned about withdrawal rates, this institution has a zero percent withdrawal rate. They get that loan application in the door, and they do everything under the sun in order to make sure that that particular member eventually closes that loan. They do a great job of keeping declines to a minimum, and they do a superb job of keeping withdrawals to the bare minimum.

Four-hundred million dollar credit union in New Jersey; this is an interesting example of how – those of you on the phone who might be seg-based credit unions and are restricted in how you can advertise the program, might be interested to know that this particular institution is also a seg-based credit union, and they've got their hands tied when it comes to how they can reach out to their memberships. They can't advertise in the newspaper. They can't advertise on the radio, and billboards don't make any sense for this institution. It is a closed-shop, seg-based financial institution. With this credit union, Shopper Alert makes all the sense in the world, because it is a great way to stay on top of the credit activity of their members; limited marketing budget, but they're spending those marketing dollars as efficiently as they can, because they're only reaching out to their existing members. In this case, as you see on the very bottom bullet, their consumer loan portfolio since they've implemented Shopper Alert has actually grown by 11 percent.

Wrapping it up, and Stephenie feel free to jump in if you'd like on this one, but reiterating a lot of what you've heard, Shopper Alert, whole turnkey solution provided by Harland Clarke from strategic development to analytics to award-winning creatives, we handle all the print, and we handle all the inspecting what you expect by providing regular analysis.

We work with the three leading credit bureaus, Experian, Equifax, and Transunion, to make sure that you're getting a maximum lift, as Stephenie mentioned earlier.

We are a single-source provider. You have to write only one check with Shopper Alert, should you implement the program to make life easy for everybody who's got a budget. Under that single-source concept, we can handle the postal mail, e-mail, and the outbound phone calling if you like, or you can handle the outbound phone calling if you have the band width or the capacity.

As you heard Stephenie mention early on responding to one of the questions, implementation takes just eight weeks to get the program up and running early. Those of you who are on the phone right now who are planning for 2016, you're going to have loan goals; we always do. Let's face it, I always have loan goals; Stephenie, I know you always had loan goals when were at your bank. Great way, if you're coming out of the gates in 2016 and you've got some loan goals out there that you're a little concerned about hitting, Shopper Alert is a great way to do that, and with an eight-week implementation, you can get the program up and running early in 2016.

You have a dedicated team –

Stephenie: Steve?

Stephen: Yep?

Stephenie: One of the things, I think, is the dedicated team. It falls right into that. It's the training, and you're not alone in that training process. I know as marketers, we always are the first line of defense, I guess, when a program goes out and you're branches say, "Oh, it's not working," or "I'm not sure how to handle this customer response." We're here to be your backstop and provide you with the support so that you can answer those questions quickly. With the number of programs that we've run, we can really help in that process.

Stephen: Thank you. Of course, with Harland Clarke, you get the security that you need to make sure that the data you provide as part of this program is fully protected and no worries whatsoever.

With that, that brings us to the conclusion of today's event. We've got a couple more questions here, Stephenie. We've got a few more minutes, so if you don't' mind let me go to our question box here on the control panel.

We've talked about implementation. Stephenie, here's a question. You talked about the offers that are required as a result of the Fair Credit Reporting Act, the rates, the minimum dollar amount, but with Shopper Alert, do I need to put another offer like an incentive in front of the customer or the number?

Stephenie: That's a terrific question. A lot of that depends on your position in the marketplace, and it also depends if you're using the solution for your existing customers or if you're looking to expand your reach into prospects. We find in working with clients that even if they have good brand recognition and they're going after prospects, it's always helpful to have an additional offer, whether that is a special rate incentive, or perhaps it's first month no payment, or 90 days no payments, leveraging another tool to turn the head of a prospect is really important. However, we find with current customers, the need for those additional incentives decreases significantly. You're a known entity to your customers, and the fact that you can provide an offer, a strong interest rate offer, that's generally very sufficient in this process. Steve, I know we work with different clients. Have you had any differing experience in that space?

Stephen: No; same thing, Stephenie. In fact, I'll share an anecdote very quickly here. I had been working with a bank in the Chicago marketplace that had implemented Shopper Alert a couple of years ago now, and early on in the program they made an incentive when it came to mortgages. I think they were shaving dollars off of closing costs for their existing customers. What they found after a few months was that it really didn't make sense to put an offer like that in front of their existing customers, because they were already out there shopping for the credit card. They found that the incentive really didn't move the needle for them when it came time to encourage that customer to rethink their decision and apply for the loan with this particular bank.

The luxury of Shopper Alert is that we constantly inspect what we expect, and in this case, inspecting what we expect, the bank made the decision that they were no longer going to put that kind of an offer in front of their customers, because it really wasn't moving the needle at all. That's the luxury about Shopper Alert; your customers and your members are already out there shopping. We've just got to get in front of them.

Stephenie, last question, and this will take us up to the top of the hour. You talk about and I had mentioned inspecting what we expect, how frequently do we meet with a bank or credit union in order to review results?

Stephenie: It varies a little bit, Steve. At the outset of the program, we want to make sure as many people at your institution are familiar with what the program is producing, so our recommendation is monthly, but we find as you're seeing this operate in the background providing business-as-usual levels of conversion and it's a very steady performer, we generally stretch that out and then revisit the results quarterly after the first quarter and we're seeing consistent results. That's generally the approach that we take with our clients.

Stephen: Excellent. Stephenie, I have gone through our vat of questions here. It is the top of the hour, and I know we've got some very busy people on our webinar today, so why don't we wrap up. Just a reminder to everybody, as you can see on your webinar screen, these materials and a video replay of this presentation will be made available to all of you who are on the phone today. You'll get that within a week, so be on the lookout for that.

Stephenie, thank you very much. Any last words before we wrap up?

Stephenie: Be well.

Stephen: Be well. Thank you everybody. Good selling; we look forward to talking to you again at an upcoming webinar. Thank you all very much.