Critical First Steps to Effective Onboarding Starts With a Solid Account Holder Experience

March 27, 2013
Agenda

Introduction
- Douglas Roman, Senior Strategist, Harland Clarke

Onboarding Insight – Key Initial Components of Success
- Douglas Roman

Harland Clarke’s Instant Card Issuance Solution
- Joel Schloemer, Information Technology Manager, Harland Clarke Card Services

Questions and Answers
Onboarding Is a Process, Not a Project

- Acquiring new account holders takes time and money
- Important to ensure the acquisition investment pays off
- Effectively onboarding a new account holder starts on “Day One”
- Creating a positive account holder experience sets a solid stage for building long-term value
Onboarding Is a Process, Not a Project

- Attention during and after account opening increases satisfaction and cross-sales
Importance of a Good First Impression

- Creating a positive first impression leads to higher retention and a foundation for improved cross-selling
  - Key motivators that drive specific account holder behavior include:
    - Institution must be trustworthy and provide good service

<table>
<thead>
<tr>
<th>Goal</th>
<th>Retention</th>
<th>Cross-selling</th>
<th>Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissuading a customer from switching providers</td>
<td>Getting current customers to consider purchasing additional financial products</td>
<td>Getting non-customers to consider purchasing a future financial product</td>
<td></td>
</tr>
<tr>
<td>Being trustworthy</td>
<td>Being trustworthy</td>
<td>Having a low/ reasonable APR</td>
<td></td>
</tr>
<tr>
<td>Having good customer service</td>
<td>Having good customer service</td>
<td>Having good customer service</td>
<td></td>
</tr>
<tr>
<td>Having a low/ reasonable APR</td>
<td>Charging low/ no fees</td>
<td>Charging low/ no fees</td>
<td></td>
</tr>
</tbody>
</table>

Base: 1,850 US online adults who currently have a checking account, savings account, or certificate of deposit (CD) with Bank X

Source: North American Technographics® Financial Services Online Benchmark Recontact Survey, Q3 2012 (US)

Source: Forrester Research, Inc.

Importance of Capturing Account Holder Insight

- Gathering insight from account holders at the time of account opening (example of triggered event) enhances ability to capture Voice of the Customer (VoC) and enhance the overall experience with relevant communications

Each VoC Method Is Widely Used
Survey respondents favor using multiple methods for capturing VoC.

Source: Peppers & Rogers Group
Importance of Capturing Account Holder Insight

- Conducting in-depth needs assessment at point of sale provides ability to capture important information to better serve account holder needs

**Questions Asked by New Account Representative during Needs Assessment**

<table>
<thead>
<tr>
<th>Question</th>
<th>Needs Completely Identified</th>
<th>Needs Partially Identified</th>
<th>Needs Identified Not at All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of questions asked</td>
<td>5.3</td>
<td>4.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Did the bank representative ask...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Why were you switching or looking for a new bank? (% yes)</td>
<td>61%</td>
<td>52%</td>
<td>26%</td>
</tr>
<tr>
<td>What other accounts or banking relationships you had with other banks? (% yes)</td>
<td>52%</td>
<td>40%</td>
<td>21%</td>
</tr>
<tr>
<td>What you like about your current bank? (% yes)</td>
<td>32%</td>
<td>24%</td>
<td>8%</td>
</tr>
<tr>
<td>What you do not like about your current bank? (% yes)</td>
<td>39%</td>
<td>30%</td>
<td>16%</td>
</tr>
<tr>
<td>What else you are looking for from a bank that you currently are not experiencing (% yes)</td>
<td>56%</td>
<td>43%</td>
<td>30%</td>
</tr>
<tr>
<td>Your typical balances (checking, savings)?</td>
<td>59%</td>
<td>55%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Importance of Capturing Account Holder Insight

- Front-end segmentation of new account holders along with insight capture leads to household account growth

**Higher value customers have higher incidence in three specific areas account initiation**

- Complete and relevant assessment of financial needs and expectations
- Financial insights and recommendations to help them plan for the future
- Follow-up within days to thank the customer and answer questions

<table>
<thead>
<tr>
<th>New Account Initiation Metrics</th>
<th>High Value Customers</th>
<th>Low Value Customers</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs Assessment</td>
<td>Needs were completely assessed</td>
<td>75%</td>
<td>61%</td>
</tr>
<tr>
<td>Additional Probing</td>
<td>Rep provided financial planning advice</td>
<td>62%</td>
<td>43%</td>
</tr>
<tr>
<td>Follow up</td>
<td>Received follow-up</td>
<td>90%</td>
<td>76%</td>
</tr>
</tbody>
</table>

*Payoff is that high value customers buy 50% more additional products than low value customers at account initiation*
Importance of Instant Issue Cards

Benefits of Instant Issue

- Improved Cardholder Experience
- Increased Activation & Utilization
- Enhanced Security
- Increased Profitability
- Emergency Card Replacement
- Reduced Expense
- Competitive Advantage
Importance of Instant Issue Cards

- 85 percent of financial institutions that offer instant issue today believe it supports their account holder service goals\(^1\)

- Consumers are demanding time-savings, customization, convenience, service, and fair prices from their financial institution

- Account engagement can happen much quicker with instant issue
  - Instant issued cards are used on average within the first 93 minutes compared to the first 10 days with standard issued cards\(^2\)
  - Instant issued cards see usage and activation rates as high as 89 percent

\(^1\) The Power of On-Demand Card and Personalization, George Wolbert
\(^2\) Gramercy Institute and EFT Source, Inc., 2011
Importance of Instant Issue Cards

How Card@Once® Works – The Ordering Process

1. Financial institution submits card order via secure web portal
   - Cardholder selects personal PIN via portal using secure iPad® (optional)
2. Data is transmitted and encrypted
3. Encrypted data is sent to in-branch printer via web portal
4. In-branch printer decrypts message and prints card
5. System confirms successful printing of card and PIN
6. Account holder leaves financial institution with personalized card
Importance of Instant Issue Cards

- **Software for Service**
  - Adds convenience for the financial institution
  - No software to purchase
  - Minimal training needed
  - Hardware purchase — printer and PIN pads
  - Provider’s server for order processing and communication network
  - Program setup handled by provider, including loading secure keys for PIN and CVV/CVC
  - System maintenance and upgrades handled by provider
  - Minimal IT and Operations resources needed to set up or maintain
Importance of Timely, Relevant and Ongoing Communications

- Multiple contacts leads to greater satisfaction and positive experience.
Importance of a Comprehensive Contact Strategy

**Engage**
- **Day 1**: Account Opening
  - Disclosures and new account opening info distributed, insight gathering & debit card issuance
- **Day 2**: Thank You Email
  - Branch-based welcome with 'receipt' of transaction and primary phone numbers
- **Day 7**: Engagement Letter
  - Mailing with focus on engagement services
- **Day 14**: Engagement Call
  - Centralized call to confirm receipt of checks and debit card and to answer any questions. Request check order.
- **Day 30**: Engagement Email
  - Email reinforcement of engagement message after engagement letter.
- **Day 45**: Cross-Sell Email
  - Email reinforcement of cross-sell message sent on day 60
- **Day 60**: Cross-Sell Letter
  - Letter with cross-sell offer for additional product - modeling based targeting
- **Day 62**: Enhanced Cross-Sell
  - Clients move into a systematic analytically based cross-sell engine to further expand the relationship

**Deepen**
- **Day 7**: Courtesy Call
- **Day 14**: Engagement Letter
- **Day 30**: Engagement Call
- **Day 45**: Engagement Email
- **Day 60**: Cross-Sell Email
- **Day 62**: Cross-Sell Letter
- **Day 90+**: Enhanced Cross-Sell

**Retain & Expand**
Questions and Answers
Thank You