

**Harland Clarke 'Secure Low-Cost Deposits Before the Competition Heats Up' Webcast
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TRANSCRIPT

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Moderator: Good day and welcome to the Harland Clarke, secure low-cost core deposits before the competition heats up conference call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr. Erik Kelly. Please go ahead sir.

Erik: Thank you very much. I would like to welcome everybody who is joining our conference call today. My name is Erik Kelly; I am a senior product marketing manager at Harland Clarke. I have been with Harland Clarke upwards to nine months but prior to that I've spent about 15 years of my banking career with several of the largest regional banks in the country.

I have managed direct mail and direct marketing programs for consumer checking and consumer deposits. As well as before the financial crisis hit, running some major home equity marketing campaigns for some of the largest banks in the country. That is my background I would like to turn it over to my Mike Dorrington, my co presenter today, to share some of his background as well.

Mike: Great, thanks Erik. Hello everyone; my name is Mike Dorrington; I am the director of sales for Valassis' direct mail innovation division. What I do is, I drive strategic product innovation for all of our clients and across all of our portfolios. I have been with Valassis for about seven years. You will get to hear a great deal about of these great innovations that we've come up with. It has been very successful for others in and out of your industry and we know that it will be a great home run for you.

Erik, do you want to take them through this great concept.

Erik: I will do that, and before I get started I would like everybody to know that a copy of this presentation will be provided to everyone in attendance today.

And with that we would start off with our first slide here. A little bit about Valassis and Harland Clarke. As many of our clients know, Harland Clarke recently acquired Valassis earlier this year. This is a great opportunity for each one of these organizations to come together as they bring so much synergy of what we do collectively. As you all know Harland Clarke has some extensive experience in working with many of the financial institutions across the country.

We bring extensive marketing experience of the FI vertical and this is a great combination with Valassis in that they have worked historically with some of the largest consumer package goods as well as retail and fast food companies in the country. They have developed a proprietary delivery channel for marketing efforts that Harland Clarke has been working with Valassis on over the most recent few months. How can we take what Valassis does with these other verticals and transform it a little bit to make it much more adaptive to banks and credit unions. Make those banks and credit unions much more successful in their marketing effort by taking advantage of what Valassis has created over the years.

The first joint solution we are bringing to market is our new Acquisition Accelerator solution. This is a checking acquisition solution using Valassis' proprietary segmentation scheme which we are going to cover in a little bit. As well as a very low cost delivery channel which is unique to Valassis that we going to be able to provide, which we think is a lot of value to our client.

Some of the key drivers for a successful Harland Clarke program are a series of steps. You have to have an appropriate product focus with an upsell strategy to ensure that you are getting that proper share of the wallet through all of the non-interest income associated with a new checking relationship.

You want to have a targeted consistent direct mail program- this is very important as throughout the course of the year consumers are always in the market place for a new checking relationship. Whether they've moved or may have had a negative experience with their current financial institution, whatever the reason they are going to be in the market at various times of the year. It is important for a financial institution to have a consistent messaging stream throughout the year so you are not only in

the selection set and be top of mind with the consumer. It's that you have an offer in hand they can respond to when they are ready to act, when they are ready to move, and to change to a new provider.

From a Harland Clarke marketing perspective, we believe strongly in a one to one segmented communication approach.

This new low cost delivery channel that Valassis brings to the table for our joint program, we think that it is important to have a perceived high value gift or incentive as the market place especially demands that. Many of you are in very competitive environment and you are well aware of what you are doing and what your competition is doing.

We also think it is very important to have a well-executed account holder referral program- so not only will you bring in the new relationships you start developing advocates for your financial institution, where they can speak about you and start referring in additional new account holders.

We also think that it is important to have a mystery shop and sales training solution rolled into this to get you a feedback loop on what you may or may not be seeing that's actually happening at the point of sale.

Finally, this is a strategy not a promotion. We need all these steps to work in combination to enhance your results, to deliver the full value of what the Harland Clarke solution can provide.

Now, why a checking household acquisition? I say checking household not just a checking account. What we all know is that the checking relationship is the foundation of the relationship of being the primary financial institution. You bring in that initial checking household but not only that household you get the deposit relationships, other deposit relationships whether the savings, the money market, the CDs, you get a full household of deposits that comes to bear with that. You get some non-interest income from NSF and you get the debit card usage as well.

From the Harland Clarke proprietary database that we've compiled from many of our clients what we've determined is that the value of a new checking household account is close to \$800. That brings in the full deposit household, and the net interest margins of that and debit card usage and NSF- to comprise that number.

What we found from some of our other research, and you will see that here on the slide as well. This is from a study that was done by Callahan

and Associates, what they have identified is that the cost of bringing in a new checking account is \$442. So you see a lot of value in bringing in a new checking relationship but it does come at a significant cost for that acquisition.

Why is acquiring these deposits important for banks and credit unions, right now? Many of you may be flushed with deposits but the market is shifting and we all know on the horizon that at some point deposit rates are going to rise. When they do, money market balances are likely to flee to equities or other higher yielding vehicles. The CD balances which have diminished over the last several years are going to start becoming more attractive to the more security minded investors. They are going to be coming to you at a much higher cost of funds, driving up your expenses.

We all know what the regulatory environment is like as well. Your regulators are constantly stressing the importance of having deposits in their liquidity. That having these deposits are critically important in getting the lowest cost deposit you possibly can. It's going to be important for keeping your cost of funds as low as you can.

Moving on to the next slide here; this is a typical Harland Clarke approach to many of our direct marketing solutions. In that starting in that upper left hand corner, we take a look at your existing account holder base, we do some analysis, and we determine the right target, some optimal geography. We then develop personalized communications through our creative development teams which match your financial institutions' branding needs. We combine that with our high value incentives with easy fulfillment process that excites prospects.

We do extensive backend reporting with metrics to measure the campaign results. We analyze these campaign results to see what is working, to see what could potentially be working better. We modify the strategy and then we go back to market with some improved targeting, improved analytics and then we begin the cycle all over with a continuous learning cycle.

This is a very classic best practices approach that Harland Clarke deploys and we find that it is very effective in having an improvement throughout in the life cycle of what you are trying to accomplish.

With that I am going to turn you over to Mike Dorrington to talk about our unique approach to targeting and segmentation.

Mike: Thanks Erik. Everyone, one of the things you will notice, on this slide as we get moving into diving a little bit deeper in our approach, is the word unique. What really makes this a unique approach is throughout the presentation where, you will see a lot of things that will really step out to you as being unique and different than a lot of other these types of programs that are like this in the market.

One of the main things that you will notice is the transparency. You are going to notice from us the ability to really understand and really key in and how we go to market, how we do things instead of it being in an exclusive black box or something that is really unknown. We are going to be very transparent on how we are going to get to the right target and how we are going to message them and how you can get the best response out of each individual that we send marketing to.

So all this starts with identifying the account holders that are most likely to respond to the message. We use a combination of customer data, proprietary Valassis data and syndicated data resources to really hone in on what makes the account holders unique and also finding other account holders that are like them. Once we have located where the account holders are, we have an unparalleled targeting platform.

Our ability to really understand that consumer as oppose to just finding out where they live, it's really the key in making sure that you can optimize response throughout different to unique markets, different to unique household. It is really something that will stand out as we go through the entire presentation.

Then there is connecting with account holders along their path of purchase through print media solutions. The Direct Marketing Association had a study in October 2013 that says that direct mail is the preferred channel for receiving marketing from banks and financial institutions. Actually 48 percent of the people who responded; that's a big number. What we are really keen on is utilizing direct mail but personalized direct mail to really speak one to one to each consumer, and really hone in or develop that relationship from the first interaction.

The next thing we are going to talk about is executing that program flawlessly. We really want to make sure that you get superior customer acquisitions but also you get a great ROI and really making sure that things are responding each time we put something in the consumers' hand.

So let's talk a little bit about how we identify the target account holder. I talked a little bit about client data. I talked a little bit about Valassis proprietary data but once we dig even deeper; we are using some of the greatest syndicated data in the world. Companies such as Epsilon, Neilson, Axiom and Datalogix and across different types of platform.

We have the ability to look at and append household data to really hone in and create that one to one marketing relationship. So from the very beginning of your discussions with those prospects or potential new account holders, you are really making a major impression on them that you have relevant information and data that really talks to them at a household to household level.

When you look at the relationship between Harland Clarke and Valassis, you kind of look at Valassis and discredit them and say we don't really know the financial institution vertical. That's not actually true at all. You will see some of the examples of some of the available resources we have for financial clients. We run a significant amount of financial business and we also have great proven success with business category vertical of really driving new account acquisitions and many other types of promotions. We really are a partner and a great asset to Harland Clarke who are now taking their great expertise in helping us to create this amazing platform together.

You can see some of the data that's available from value scores and credit worthiness. Looking at home characteristics, we are looking at people breaking out, median home values or the time they lived at home. We are looking at incomes, demographic variables, consumer buying behavior and even some basic geographic alignments. We are really taking this syndicated data into an extreme use, we are really making it work for us and ultimately for you.

This means that you are just not taking someone saying 'okay, my base is here, so just drawing a circle around it so I want to talk to everyone that's close to me'. It is really putting a science and some data behind targeting the right consumer, and the right account holder so that you can drive the greatest ROI for your business.

Let's talk about sharpshooters for a little bit. This is the Valassis proprietary system that we are using for this program. It is a very unique clustering system; it is the first and only system that was built at the postal carrier route level. One of the reasons that's important this is that when

you look at other types of clustering systems like Prosonic or Prism or Mosaic, those are modeled at a census block data and not at the postal unit.

So other information or data have to be appended for clients that use these clustering systems to react and talk to their consumers. While all of our clustering is built on a postal unit so not only are you reading and understanding the data of that household but you able to react and market to them appropriately without having to append other types of data, which is key.

The other thing that we do is that we emphasize ethnicity and urbanicity attributes so our clusters more actually portray different account holders segment. You can look at the differences from house to house; geography to geography and really understand how that can drive and provide advance targeting and most importantly more effect versioning.

Ultimately this helps you achieve a better response because our clustering system is not an aggregate of an aggregate. It is simply the best place way define geography and find new customers. I will show you some examples of how we do that of how we really build a powerful platform.

All the clusters are assigned at the carrier route level. We distribute once we tabulated that trade area and all of our information is updated on monthly to reflect changes in geography or that trade area.

Some of the methodology that we use in choosing each representative cluster is the unique combination of demographic and lifestyle clusters. So we are just not looking at ethnicity but we are also looking at affluence. We are also looking at generations; a lot of marketing, today, is generated towards the millennial generation and looking at the next level level of prospects.

We can break out and look at specifically at where the millennials are as well as the older demographics, and across the board. We can look at people by life stage, are they married; do they have children at home? Really drive and find areas and geography of households that are great targets for your financial institutions.

Also looking at the environment too, we are looking at urbanicity; looking at home ownership. Do we understand where that person is in their life? Do we really understand what is the best way to market with them; that is from a messaging, imaging and offer standpoint?

Let's look at a couple of things; just a couple of notes on sharpshooters. First we are going to develop a plan from the client account holder's file. We don't have to have names appended to that; we can look at accounts from a household address perspective and really give you some great insight, not only the geography but also about the household.

We going to show multiple buyer groups for products, brand or retail develop vision targeted plans. You will see further along in our presentation how we are able to take this data and actually use it within the marketing message and within the marketing creative so you can really get that very personalized one to one feel with each piece. It is really a key theme of having the right, picking the right geography, targeting the right household and messaging and using the images in offers in messaging to that household level.

It is just not recommended for targeting specific clusters by parents only. There are so many other things that we can do than just changing the appearance from one geographic area to the next. We really are going to dive in and get into a household to household basis, but the specific clusters will help you to understand the makeup of your clients in the markets that they are in; so you can really drive some great decisions on what is the right marketing message to send to those people.

We updated everything on a quarterly basis within sharpshooters, and even some of our data is refreshed on a monthly basis as well. So once you look at the targeting continuum that Valassis has at their fingertips. It really is a good, better, best type of format. So we start off with geography and we really try to understand consumer trade area, the radius around the store; really to understand that information.

Then we start getting into demographics and really looking at things like the Neilson variables, variable like age, income, and children maybe number of vehicles. Then, diving into ethnicity and then looking at behavioral and really looking at shopping habits of each potential household.

Then we can look at, even the purchasing potential looking at the average annual spend of each household and estimated that over different types of products. We can then look at lifestyles mention about sharpshooters and then we can look at different zip code demographics but the best thing that we really do- and as we go through our analysis and how we develop at the sharpshooter clusters- we are really looking at database by account

holder penetration, but also database by sales penetration. We are looking at account holders not just at their addresses, not just by where they live but also what makes them a good customer and what makes them a good potential customer.

Really giving you those insights and really define where those people are. Why they are important? Why they are valuable? They may not be within the closest proximity to each branch but they are close and they are the right type of prospects to go after. You really get a feel as to why that's important.

Let's take a look at sharpshooters and really start with identifying the client's target market group. Envision that this is one market, and this really your identity within that market. That's what it looks like. So we are going to look at the client's address and the data rolls up to the postal carrier route level, where each address resides. The key metrics are gathered at a cluster level from a single assignment to a postal carrier route level.

So we are looking at customer penetration but we're also looking at balance penetration as well. The account holder level data provides an extra level of validation which is dependent on an action or even a sale. The target market group really identifies as clusters that out performs the market. Client metrics are used to look for greater percentage of those types of customers within the household that are identified.

If you look at the sample report below, this is a snapshot of one of our reports. These are 17 clusters but we actually have 54 different groups. We will be able to actually pick out who are the best types of target market groups in this specific market. Then allow you to look at where those people reside in close proximity to your branch within that market. So that we are targeting the right consumer, which have the right characteristics and that they are the ones that are most likely to respond to marketing from your branch or your financial institutions.

One of the great things about sharpshooters is the targeting activity potential or TAP. As you know people vary by region; that is why we don't execute the same plan in Detroit that we do in Miami. This gives you a snapshot across different markets that allows you to understand who is your best targeting and sharpshooter clusters by DMA. You can look at; maybe establish a lead with a strong overall cluster market here but in Albany, New York it is not.

So we would find the best clusters by specific trade area so we can really hone into who is your customer by market and really find out what is your identity within each individual specific market. This is a huge benefit to you, not only in developing your marketing plans for this program but in other types of applications throughout your business and really identifying and understanding what it is you can do with this data is infinite.

This snapshot displays the score for each of the clusters and identifying that target market group. It applies the cluster index to scores across the trade area, to build the geography score.

To give you an idea as to how this process comes to light. We will take your location list and map those locations. We are going to overlay those with your account holders and then we are going to pick the best sharpshooter cluster to give you a recommendation on where to target the best neighborhood and the best geographies to really maximize the response that you get; in each individual market for each individual branch.

This is key, beneficial, why this program is so strong is the methodology is sound and we are able to read and react off of data and the latest data to be able to change your marketing areas and to really understand where we can get optimal response. Not just after the first mailer but after the second, third and the fourth, to be able to build a frequency and a relationship with the clients you are talking to and trying to attract to become new account holders.

Finally for me, on the next slide we have a sample of the massive report that we share with you. We really show you how we pinpoint our geography, to really target and we are fluid make sure we understand our working relationship together. You will be able to read and understand our report so we can have a conversation and a strategy session that really allows you to be a part of the conversation so you can give your input. That way we are doing and fulfilling your marketing goals and objectives.

I am going to turn over to Erik who is going to talk about how we connect and getting into the personalized communication.

Erik: Thanks Mike, really appreciate that. The sharpshooter's approach, while we feel that it is a superior approach to targeting, we understand that there are many other companies in the market place offer geo targeting capabilities at the postal carrier route level. So, the postal route level approach while not unique we think that we take an angle at it, where we are able to add a bit more science, a little more transparency, as Mike said. We are able to take this to the next level. Many of you have who have done postal carrier route saturation mailings in the past, you are aware it is the same 'dear neighbor' or 'dear resident'. It is the same message to every household within that postal carrier route.

That may not connect with who you are trying to speak to. The Valassis – Harland Clarke approach kind of breaks that mold. We are able to develop personalize communication to each household within that trade area which we have identified as an optimal trade area. You will see in the slide here, some examples.

I will start with a customer example. Typically in a pure saturation mailing you are going to have your checking account holder receive an offer for a checking account. I don't know about any of you in the audience but if I am at a bank marketing department or credit union marketing department, I don't want to be sending communications to my account holders for an account they already have.

What the Harland Clarke approach is going to be able to do is to identify your existing account holders and deliver a personalized cross sell message to them. Whether it is talking about convenient services or any lending needs they may have or just a thank you, it could be 'come in for a financial checkup and make sure you are in the right account.' But you are going to be able to speak to your customers differently than are to your prospects. In the example here, "Andy Eisenberg, will you be interested in mobile banking?" That's a great opportunity to communicate to your account holders about a product or service they don't have. Inclusive within this solution offering and then talking to different prospects in different ways as well.

If you at the one to the left there, Juanita Smith's family just moved to town and is looking for a banking partner. Prospect number two, Diane Johnson doesn't like her bank, doesn't like the way they treat her. She is looking for a new provider for her financial services. This last one we think is incredibly unique and powerful as well, in that we are able to overlay

business owners over our mail file, and identify small business owners at their homes and communicate to them about a small business message.

Susan Lutz here, a small business owner who is looking to expand, she needs help. We can talk to her about cash management offerings, about merchant services, business checking, etc. Having this level of personalized communications is an incredibly powerful and completely ramp up and explode the potential of what you can do with saturation mailing.

You will see this here in our next decision tree slide. We don't want to talk the same way to each customer. We want to start with your current account holders and speak to them with a different message.

You want to talk to your look a likes. You want to talk to small business owners and then if you have other market segments that are important to your financial institution we can develop custom communications for those as well. Theoretically we'll pick your FIs located in south Florida, and you have a large senior market or a large Hispanic market, we can develop versioning and messaging that targets those individuals and those prospects as well.

It can be anything, it can be a military, it could be a student population, and you have the flexibility to tailor your communication and your segmentation to meet what your market offers and personalize it in such a powerful way. You will see examples of this, with the benefits, and this is an example of what a creative piece could look like and it's a little bit small here on the screen but you'll see there, that your target, Jen, that's her name, the address field there and the address line is going to be addressed to Jen her last name and her address you'll see that and it's going to be in the copy there in the headline. Jen you're going to love checking with us. The next image there "check with us" you'll see a little debit card "Get a hundred dollars" That debit card can be embossed with Jen's name on it. The level of customization and personalization is very powerful and it's a lot of flexibility here to just create that personalized message which resonates in a very powerful way with the consumers that you're trying to reach.

Products to offer, these are fairly no-brainers, we've all been marketing for a long time and with consumer prospects you typically want to start with your basic checking or free checking; it's got the broadest appeal, it drives

the most prospects to the door and a phrase I use a lot is it “puts butts in seats”.

This is from a marketer’s prospective, that’s what you want to do for your banker; you want to get prospects in front of them where you can have conversations about what is relevant for them and put those new prospects into the appropriate account that meet what their financial needs are.

Business prospects we can talk about business checking, cash management, merchant services, credit cards, whatever your business capabilities are you can speak to them here and really drive home the business offerings that your institution has. Then, as I mentioned earlier with the cross sell, you can customize it anyway you’d like, convenient services, you can talk about mortgage, whatever the hot cross-sell product of the day is at your institution.

We have two different versions here in our examples; we have the “Power Card” which is a four by nine postcard. We have all the functionalities that we’ve been speaking over the other version and then we have the power card plus, which is more of a self-mailer which is an example of the previous slides. And we find that the self-mailer is what we think is the best approach and the proven best practice for this type of a marketing campaign.

You get all these variable messaging, it’s a ten by eight and a half; it folds over with an adhesive that creates the self-mailer approach. You get a lot of marketing real estate to work with this offering and again you’ll see the personalization there on the front with ‘Jen you are going a love checking with us’.

Some examples on this next slide are why personalization is important and there’s a lot of academic research in this field and we’ve referenced two of the most pre-eminent experts in the field and we they’re research people at RIT in Rochester New York. They put out studies on a timely basis and what we found through some of their research that they published is that stand alone solo mail achieves five times the response of an identical piece in a cooperative shared mail offering.

The shared mail is, you may be familiar with the Valassis red plumb product, it comes as this package wrap and it’s got the pizza coupons etc. If you can have a mail piece that sits outside of that, that’s going to be five times more responsive than being in that bundled solution.

The second piece of personalization is that by addressing your postcard or your self-mailer to a specific person rather than dear neighbor, dear resident, whatever that generality is, you're going to increase your response rate by about thirty percent compared to the resident only approach.

Then that really powerful next level that Harland Clarke and Valasiss are bringing in this new offering is that by featuring a person's name with a relevant content, that will increase your responses by forty percent.

Now, I do want to caveat these results, the research around this, it's not just FIs, it's not just post cards or self-mailers, it's across all verticals and across all communications, direct mail communication types. These are what has been seen from academic research and the power of adding this personalization.

All of this personalization, what Harland Clarke and Valasiss is able to deliver this at is a similar level of a saturation pricing that the "dear neighbor" approach provides from what is typically seen in the market place and in the market place, adding this level of personalization, it could double your cost typically and the unique distribution channel were able to go to market were able to do this level of personalization at that saturation level of pricing at a pretty powerful distinction between what we have seen in the market place historically.

Now going into the next step of what are our key component and what makes a Harland Clarke solution really powerful also is that incentive and fulfillment. If you've been in the market with check offerings or you have somebody like a Chase or a Huffington in your market place, you've seen a lot of their work and I know Chase is probably the biggest one in the market that does this.

They're very sophisticated at what they do; they've got some pretty strong offers and we think that you're going to need to be competitive with those offers; you don't need to necessarily beat that but what we can do and what we've seen can help you manage those costs and what we're offering and bring to market is a little different variation in that we'll still want to offer cash to be competitive with what you may see in your market.

You can increase your program response rate by bringing in an additional options of merchandise and what we've seen is if you offer cash and merchandise at the same time, about half the time the recipient will

choose that merchandise at a perceived level equivalent to what the cash is that you're going to offer. The beauty of this is that you're going to be paying much less than you would for that cash offer.

If you're offering a hundred dollars cash, it's a hundred dollars, you throw in the merchandise side, you may only be paying seventy five dollars for that merchandise that has a perceived value of a hundred, lowering your acquisition cost by that much and if half your recipient choose that merchandise, those savings will add up over time.

A nice thing about what Harland Clarke is bringing to the table with this program is that we're going to organize this and make this seamless for you with a program we call "E- Redeem". It's a mobile enhance program, it's online, it's a custom branded portal, if you get someone to respond to your offer, you're going to deliver them a redemption key which is a code they can go in into the online portal, again completely branded, through your FI,,choose their merchandise, they'll confirm it, it will be mailed to the recipient, and your branches will never have to inventory anything. You will never have to send month end report of all the clients or customers or new members that somebody in the operations area has to go through and fill out GL tickets for. There's going to be management reporting with this online portal, it's a great way to streamline and deliver a better customer experience while at the same time lowering your expedition costs.

Moving on to the next slide, here is an example of what that experience is. You have your branded homepage, you have your list of choices, and you get some details if you click on one of the choices. The consumer selects the choice, fills out the information of where it's going to and they get a nice thank you and at the end of the month you can get some reporting through the portal if you would so choose and it's not just any time in the month, it's real time reporting, you could pull it up anytime of the day.

Moving on here, the referral program is nice additional piece here, also a completely branded online portal and makes the refer a friend completely automated, you're no going to have these cards sitting in your check desk where your consumers, your account holders will pick up and hand them out; maybe, maybe not, your banker s aren't going to send them in the centralized location. There's going to be no back office work. It's all completely automated, managed by Harland Clarke and with a great level of reporting as well.

In the next slide here, timing your frequency is key. I spoke about this very early in the webcast. Consumers are in the market all year long, and they need to have an offer in hand when they are ready to act. We recommend typically a six and a half week cycle up to six to eight times a year is your frequency and cadence to make sure you got these offers top of mind; brand awareness, offer in hand, when they are ready to act.

We initially offer a mystery shopping program and sales training. The mystery shopping consists of up to ten personal banker shops, ten call center reps being shopped and a full website evaluation. All this is framed on a focus on sales and service. We also offer sales training as well for checking sales and service. Our trainer has over 25 years' of coaching and training experience. This maybe something you would find will be helpful when rolling out a new checking acquisition solution.

The final piece of the puzzle is our results reporting. This is critical for any direct marketing program. As we mentioned up front, that we would take all this comprehensive results, do some analysis, make recommendations and help you identify areas for improvement and areas that are unique to your market place or unique to your bank or credit union; continually test, learn and improve.

We have some complimentary services as well that we like to also speak to that we think could improve your checking acquisition program. Branch merchandising is a nice way to elevate awareness of other services when you get these new prospects in your branch. Whether it is mobile banking, mobile deposit capture, savings account, mortgage; having branch merchandising in your branches is a great way to continually elevate all of these other services and help your bankers engage in conversations with your prospects and the new account holders.

Card@Once is a nice complimentary solution as well; this is instant issue debit cards at a point of sale, your new checking account holder could walk out of your bank with a new debit card in hand. We find that you get about a week's worth of additional interchange revenue and an increase level of adoption utilization of the debit card product.

Onboarding is a great service; you want to get all these new account holders engaged early with all these other services, whether it is debit card, online banking, bill paying mobile, a savings account, begin that conversation of deepening that share of the wallet and becoming primary financial status with that new account holder.

First Touch New Mover is a complimentary additional checking acquisition program that works with new movers. The new movers could happen any time between your batch cycles, which will occur with Acquisition Accelerator. We find it very important to be in front of the new movers as quickly as possible, and for such new mover we have daily fees from multiple, different sources throughout the country we are able to turn around and have direct mail pieces sent out the very next day and you're in front of those new movers first; while not having to wait six to eight weeks before they receive your first checking communication.

New count research services is also a great feedback move for identifying what you knew account holders think of the experience that they just went through. They help you identify areas where you can improve processes of sale for experiences at that point of sale; some great primary research for you.

With that I want to say thank you for attending our Harland Clarke webcast on acquisition accelerator. I'm going to turn it over to my moderator to give you some instructions on how if you have questions that we can answer them.

Moderator: We just have a few questions that came in during the content. I am going to read a few of these off and then prepare it between you and Michael.

Where are you pulling the increased current response rate from regarding personalization? Are there codes on these post cards how are you quantifying the rates going up by simply adding variable data personalization?

Erik: This is from academic research from those two individuals at the Rochester Institute of Technology that have been studying direct marketing response rates for years and have done a lot of analysis and research on many different aspects of direct marketing.

Mike: One of the reasons we put this slide out and we were confident, is because while the academic research has proven that personalization works, our research on our own individual client programs has also backed up this research so we noticing the same type of increase in response that we're seeing here and that's over hundreds of different unique programs; many different types of clients; many different type of articles but we're noticing that variable and personalization is working to this level and in some cases even more but we're being pretty conservative on here.

Moderator: How do you handle when there are multiple advices in a concentrated area such as Chicago? Are all banks who are involved in the program, getting the same information? How do you prevent the message from getting stale when these prospects are inundated with multiple offers from multiple FI's?

Mike: This is a perfect problem to have once you really start to understand the ability of understanding who your client is and how you can message to them on a one to one basis. That is the really truly the powerful part of this program, that can't be matched. Your ability to not only call the consumer by name but to use your data to make sure that you're having the most relevant conversation with that potential prospect. You can't just find this type of marketing anywhere else so I would say that is the beauty and I would say that if you're in a competitive situation like you mentioned in Chicago the ability to stand out amongst a lot of static messaging is really where you'll win with this type of approach. Not to mention all the other things that go along with this program, that really make it powerful, I am mostly talking to the direct mail pieces but there are so many other things that help you have the right touch points at the right time to activate the right type of prospect.

Moderator: Great, and as a follow up to the previous question; what is the 30 percent increase on top of? Is it an average open rate at six percent with generic salutation and then the variable data... twelve percent?

Mike: It's not an open rate it's a response rate, based on industries known shared mail or what we call TMC which is a total market coverage type of program. This is what typically newspapers put out so it's around that range but it's taken into those industry response rate and then the increase we've seen by putting names in the attach those. Whether it is just by adding names in the address panel or an additional increase response once you get into the utilizing the messaging with the person's name.

Moderator: Great. What are the first year attrition rates for accounts acquired being in this program versus traditional year one attrition rates?

Mike: Good question! I will handle that Erik if you don't mind, from our perspective. We had an 82 percent retention rate last year of clients who ran positive revenue over the prior year so people who are testing in utilizing this product are coming back and using it more and that is across all. Again I'm talking about multiple industries when it comes from lots of

perspectives but you've got a program that is working. It's definitely the hottest marketing program that we have seen in a long time; product that we've seen in a long time.

Erik: Mike, I may want to step in here. The question I think was not intended to be our clients' but the new checking account holders. This is fairly new I know, we have had a few of financial institutions implement this solution in the past, but we may not have enough empirical data to speak precisely to what the attrition level is for this marketing program. I wouldn't think it would differ very much from any other checking acquisition program which you had maybe employed in the past; it depends on who you've been targeting in the past. If you've been more of a relationship focused FI versus more of a fee focused FI, you're going to have dramatically different results. If you're a fee focused FI, you are almost entirely going to have a much higher attrition rate than if you are a relationship focused FI.

It should not have a material difference on the attrition rate, we think you are going to get a higher total number of new checking relationships though based on this methodology. So, at the end of the day you are going to have more primary FI status clients within your portfolio. I hope that answers your question.

Mike: Sorry about that Erik, I was trying to in was covering the liability of the project to try to show that the product is being used over and over again so I apologize for that.

Moderator: The next question is related to creative - why not have six by eleven over size postcard versus a four by nine; if that larger size increases its readability and response.

Mike: Our studies shows us, that personalization drives more than size does and relevant messaging is more than size and showing us the print efficiency in finding the best print that we can offer the best product that we can, offer to the client so they get the best response and return of their investment.

Erik: And additionally if you are going with the self-mailer version you have an additional amount of area for marketing purpose to deliver a much stronger and in depth message, which would be even more than the oversized post card.

Moderator: I have a couple of questions about e-redeem. First, does e redeem track for compliance and tax purposes perhaps based off for the value of the rewards selected?

Erik: Absolutely, that's something I wished I would not have missed at that section. The e redeem solution has a wide breath of reporting capabilities. Reporting for 1099 whether for 1099 IT or 1099 MISC those are available and ready to be downloaded and delivered to each one of your FIs when it comes time for tax reporting purposes.

Moderator: I think you may have answered my next question but I will ask it just to be sure. What about the issue of 1099 INTs for the gift if it is over ten or twenty dollars for opening an account, if we use e redeem?

Erik: That is the same issue and e redeem has a very nice reporting solution that helps with managing all of that.

Moderator: How do we know which products to cross sell to the existing account holders?

Erik: This can be very customized depending on the uniqueness of your individual situation, depending upon what your lending appetites are. You could go out with just a general lending message, whether it is auto, personal loans or home equities. Just talk about your capabilities, mortgages etc. The safest bet are either just promoting your sticky services or convenient services, speaking to your banks, how convenient you are for your account holders. Or asking them to set an appointment with one of your bankers and come in and evaluate what their current relationship is with you. Are they using the right products? Is there anything else you should be doing? Those two are probably the safest message but if you have other areas that you would like to speak to you have the flexibility to design virtually any cross sell message that you would like.

Mike: It really is one of the big fun of this program; the possibilities really are endless there.

Moderator: Are there any other question that is holding on phone lines right now?

Operator: No we don't have any question, at this time.

Moderator: Again, if you have a question you can press * 1. Alright I will pop one in that came in through chat.

Are all the banks receiving the same data, this is in respect to some of the data reporting that we spoke to earlier?

Mike: I think that goes back to the earlier question, about if there is multiple FIs in the same area. Some of the demographic in certain graphic information about the prospects of the area, yes they would be similar. The only way they would receive exactly the same data is if they had exactly same current account holders, and when we did the analysis everything would be exactly the same. No they are not receiving the same information, they will be some similarities in the fact if they are in like geographies but other than that it is completely customized for their business.

Moderator: Well Erik, that's all the questions we had through our chat line, thus far.

Erik: Well I want to thank all of our attendees today; we are at the top of the hour. I appreciate you joining us for a discussion today and thanks again for joining a Harland Clarke webinar. We hope to have you join us for another one in the future.

Thank you