

**Harland Clarke Webcast: 10 Creative Best Practices to Rev Up Your Auto Lending —
09/19/2014
TRANSCRIPT**

Presenters:

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Stephen Nikitas, Senior Market Strategist, Harland Clarke

Anna: Good day and welcome to the Harland Clarke 'Ten Creative Best Practices to Rev Up Your Auto Loan Marketing' conference call. Today's presentation is being recorded. At this time, I'll turn the conference over to Mr. Stephen Nikitas. Please go ahead, sir.

Stephen: Thank you, Anna, and good afternoon, everybody. Welcome to the twentieth webinar that Harland Clarke has conducted thus far in 2014. Our title today is "Ten Best Practices to Help a Financial Institution Rev Up its Auto Lending Initiatives." Before we get into the presentation, I want to go through a handful of housekeeping items with you. First off, we will have a question and answer session at the end of today's presentation. I will invite Anna to come back and instruct all of our attendees on how they can ask a question by telephone. However, during the course of the presentation, if you'd like to ask a question online, feel free to utilize the chat function on your webinar screen and ask a question, and we will address those at the end of the presentation, along with anything that comes in by telephone.

Also, a video replay of this webcast will be sent to everyone who has registered for the event, and that will come out within the next week. But those of you who are on the phone with us today, we will send you a link to the slides that we are going to go through. And that link will be coming to you at the conclusion of today's session.

So, again, just a reminder, we'll send everybody a recording of the presentation. That will come out sometime next week. But for those of you who can't wait for that, we will send you a link to the slides that you're going to see, and that link will be coming to you at the conclusion of today's presentation.

With that, let's go through to today's presenters. My name again is Stephen Nikitas. I am a Senior Marketing Strategist with Harland Clarke. I have, although, I hate to admit it, 35 years' experience in the financial services world - I can't believe I'm that old, but I am - handling strategic planning, marketing, public relations and retail. In my role at Harland Clarke, I provide consultative services to both banks and credit unions, and I help financial institutions as part of that endeavor to craft marketing and retail strategies and campaigns to basically help them move the needle and get from point A to point B in their business initiatives.

My co-presenter today is Kris Niblett. Kris, would you please introduce yourself and tell our attendees a little bit more about you?

Kris: Thank you, Steve. Sure. My name is Kris Niblett. I've got over 20 years experience in direct marketing for financial institutions. I've done other kinds of direct marketing for other industry sectors, but my concentration has been working for financial institutions and doing award-winning, direct marketing that focuses on getting results.

So while we have won almost 50 awards in the last 18 months at Harland Clarke Marketing Services, our primary focus is always on generating results and putting together the copy and the design--using your brand--to make sure that we connect with the consumers in a way that's going to motivate them to respond, so you can generate the financial results on your bottom line that you're looking for.

And we do this because we have a heavy concentration in financial background. We have a lot of other experience as well. But, really, our concentration in financial expertise is huge. We don't have to be trained on how to sell financial products and services. We're very familiar with what best practices really work out there in the marketplace. We're also direct marketing experts. And we know how to integrate all your communications through all channels, digital channels, print channels, branch channels, and know how to make those all come together, so we have great synergies and really make things work great for you.

So that's kind of a little net-net of why maybe you're here and wanting to listen to what we have to say today. Thank you so much and back to you, Steve.

Stephen: Excellent. Thank you very much, Kris. Let's take a look at today's agenda. And these are the topics that are going to take us through the top of the hour. I'm going to talk a little bit about what's going on in the auto lending market today. I'll share with you some trends that we see out there. You may or may not be aware of them, but I'll share that information with you. And then the heavy lifting for today's presentation is really going to be handled by Kris. She will talk about the creative, talk about the direct marketing fundamentals.

She will then go through those ten creative best practices. Kris, feel free to jump in and expound on any of these if you'd like. We'll also touch on those key creative elements. I am going to come back in and talk a little bit about the legal requirements when it comes to auto lending marketing. We'll talk a little bit about the Fair Credit Reporting Act and what the obligations are for most banks and credit unions. Kris will then come back and show you some actual examples of auto lending creative out there. She'll also talk about what we can do above and beyond mail, and talk a little bit about those creative credentials, some of which she just touched on.

And then as I mentioned, we will open up the phone lines for Q&A. And, again, just a reminder, we'll address any questions that come in via the chat function. Kris, would you like to expound on any of that or have I covered everything we'll go over?

Kris: Let's push forward. Just dive right into those trends.

Stephen: Alrighty. So let's talk about auto lending trends. First off, this chart on slide number 5, auto lending trends showing new vehicle sales in the United States. What I want to point out here is everyone's attention to the blue line going left to right, all the way over the left. At the end of 2007, auto sales in the United States - and this is just new sales, not used, but just new sales, cars on the dealership lot - there were 16.2 million vehicles sold at the end of 2007. We all know what happened. We went through a horrible recessionary period.

And look at how auto sales literally fell off the table, dropping by a third between the end of 2007 and 2009. Slowly, but surely, as the economy has started to come back a bit, we have seen the auto market really come roaring back. And the expectation is that by the end of 2014, we will be right back where we were at the end of 2007, and, hopefully, that nightmare that we experienced will be forgotten by everybody. The breakout total of existing auto loans today stands at 61 million. That is nearly a 5-year high. Let's go to the next slide.

What are some of the things that are driving this real comeback in the U.S. auto market? I love this slide on number 6, which bears out the average age of a car or a light truck in the United States today. If you go against starting all the way over to the left-hand side, at the end of 2002, the average age of a car or a light truck was 9.6 years. Look what's happened since then. Consumers have held onto their cars for a number of reasons, maybe it was economic, maybe it was simply the fact that cars are made better today than they've ever been.

But the average age of a car or light truck on the highway, on the roadway, in the parking lot, at the end of 2013, was 11.4 years. Never has it been higher in the U.S. So that's certainly helping to drive the demand for cars and light trucks today. Simply, the iron underneath us has gotten a little bit long in the tooth. And there is a pent up demand for autos out there among consumers. As an aside, if you bought a new car or truck over the last year or two, and it's parked in your lot at work, unfortunately, the car that might be dinging your door right now is probably about 12 years old, and the owner doesn't care.

With that, let's go to the next slide, and take a look at the outstanding loan balances comparing Q1 of 2013 on the left-hand side to the end of Q1 of 2014, on the right-hand side. And you can see that every type of lender has really benefitted by the increased demand for cars and trucks. You can see the comparisons in the blue for banks, captives

in the green, credit unions in the blue, and in the dark blue is finance companies at the very top of both charts.

So year over year, all types of lenders are really benefitting from this pent-up demand and this demand in general for new cars and trucks. That's certainly a good story. And the story gets even better if you go to the next slide, looking at 30-day delinquencies. While portfolios have increased, measuring quarter over quarter delinquencies, we see an equally positive story in the fact that banks, the captives, credit unions, finance companies, everybody in general is seeing a stronger, more credit-worthy loan that happens to be in the hands of the consumers, and that is born out in the fact that 30-day delinquencies have declined.

So not only is lending up, but the quality of those loans has strengthened, and all types of financial institutions and lenders are certainly in good shape to keep that engine humming. With that, let's take a look and I'm going to segue into Kris's conversation from here. But before I do, what do we know are the key elements when it comes to effectively marketing auto lending products. And I liken it to a three-legged stool if you will. First off, what makes an effective direct marketing campaign when we're out there promoting lending products? We want to make sure that we're targeting efficiently, that we're being as judicious about our marketing and retail spend as we possibly can be. And so in order to do that, first and foremost, we want to make sure that we're targeting the right consumer who shows a propensity for the loan product.

The second leg of that three-legged stool that we need to consider with direct marketing revolves around the offer. We want to make sure that if we do make an offer--and we should--that the offer is competitive in our marketplace, and that the offer we make is going to resonate loudly with the consumer. Kris will talk more about offers in a little bit.

And then the third leg of that stool when it comes to direct marketing, on top of making sure that we're targeting the right people, on top of making sure that we've got an offer that resonates loudly with that target audience, we want to make sure that we're communicating with a piece that is going to gain the consumer's attention, that is going to be easily recognizable to what it is we're trying to sell to our particular brand, and that is going to strike a chord with the consumer.

With that, I want to hand it over to Kris. And, Kris, I'm going to let you take it over from here if you will, and then I will jump in and out and offer my commentary along the way.

Kris: Great. Thank you so much, Steve. So, right, if you don't have the creative, you don't have the right copy and the right design put together in just the right way, you are undermining the effectiveness of your communications, no matter what channel it's in.

So let's go to the next screen, which is direct marketing creative fundamentals. And this is just sort of a little laundry list of tried and true, absolutely proven, classic direct marketing creative fundamentals, things like: Number 1, stand out by cutting through the mailbox or the inbox clutter. How are you going to do that? How are you going to stand out and not get lost in the white mail?

How is your subject line going to really compel your recipient to open up your e-mail? Keep the messaging relevant to your audience and the economy. I mean, our economy is obviously, constantly dynamically changing. And if you send out something that was best practices 10 years ago, right now, that's not going to work, right? You have to be very relevant to what's going on in the economy, and that's part of what these webinars is really about is what's going on in the economy right now with auto lending, for example, and how do you respond to that to make sure that you're feeding your bottom line where you need to?

Number 3, call out competitive rate offer, so that you can interrupt rate shopping. I mean, that has to do with any kind of credit product, right? Any time there is rate shopping going on, you need to make sure that you're putting your best rate offer out there. Make it urgent. Be sure to include an offer end date, otherwise it sits around and people forget about it. It goes into file 13 and you get no action. Emphasize key benefits and product features. So, yes, you want to say what your product features are, but you also want to translate those into key benefits that impacts the consumer's life or the business's life if that's your audience.

So in other words, things like, does it make your life easier? Does it make your banking easier? Does it enable you to get access to the cash you need to do things that you couldn't otherwise do? Keep it readable. Make sure it's scannable, so that it's easier to look at, to read quickly. People are busy. Business people are busy, but consumers are too, because they're juggling a lot. And the easier you make it for them to grab on to the most important things, that's very important. That's why hierarchy is so important. It's not just important to have all the right steps in there, it's important to have the right hierarchy, so that they grab on to the most important bits that are going to motivate them.

We want to leverage your brand at all times to strengthen your value proposition, because your brand really is part of your value proposition. The customers you already have, want to do business with you. They chose you as opposed to other brands. So you want to make sure to incorporate that in all your communications. And it's more than a logo. It's how you talk to them. It's the way you discuss value with them. It's the service. It's everything: your tone, your visuals, everything about every piece. A strong, clear call-to-action to make it urgent, obviously. And then offer response channels for easier response.

So not only tell me what to do, but tell me where to go to do it to make it so I don't have to think about it too much, because I am busy. Right, let's go to the next page, 11.

With auto lending, the primary challenge is that consumers pretty much hate the car purchasing process. They have to go and they have to put themselves out there. They don't know if they can get the cash. They're trying to negotiate a good price. Everyone pretty much hates this process. And when it comes to actually getting the lending that they need to make the purchase, a lot of consumers may not even be aware that their bank or credit union does auto lending. So that's one reason why you want to be out there to make sure they have this awareness. But then the competition is fierce, number 2. So you want to make sure that you're communicating this service and product in a way that makes you more likely to be chosen. And with customers, of course, you have a leg up because they already are your customers. So you want to leverage that, and we'll talk about that in a little bit.

So consumers are all out there shopping. Some people never stop shopping for a new car, new house. Most of us do. But the ones who are actively shopping, they're looking for the better rate, they're looking for the faster, easier close, they're looking for little a little more--extra deal sweeteners to make it worth choosing you over some other lender. And then one last thing to consider when you're doing your marketing around auto lending, is that the legal requirements can be quite onerous, as they are with any credit product.

So that means that you have legal requirements that you have to absolutely pay attention to and adhere to. For example, when you're putting out a prescreened rate, you have to make sure that you have enough real estate to include your terms and conditions. Let's go to the next screen, screen 12.

And let's start on our 10 creative best practices for auto lending and refinance. I'd like to start with mail formats because it's the most important thing in that it gives you a mental picture of where we're going with this.

So I would say the number 10 envelope letter packages is a great package for both customers and prospects. Mainly because it gives you enough space for your terms and conditions--your disclosure--but also for you to make a visual presentation of your offer. It gives you space, for example, for a pre-approved certificate or a live check, even. And that's a very powerful way to send an offer.

And we'll take a look at some of these as we get into the deck. And then another option would be a postcard, which really is more of a promotional awareness-raising approach. I mean, you could use it for prospects and customers, but they're both very cost-efficient. But you wouldn't have a pre-screened offer on a postcard. It's more like raising your hand, gaining some attention, and saying, "Hey, we are lending for auto loans and

we have good rates and fast closings. We'll work with you." That important message of "We're here" to make sure that people in your footprint know.

And number two "as low as rate," because people pay attention to rates. They want to make sure that they get a good rate. Since everybody has a good rate, even auto dealers have a good rate, it may not be the most important thing. But it's important to have a good rate if you're going to put a rate out there. So you'll see a lot of people use that "as low as" type of approach. And we'll include this in the high-profile Johnson Box, which is the area on the letter up at the top, or in the side bar or on that certificate or down in the bottom.

You can even call it out on the envelope if it's a good enough rate. And then that last one. This is maybe the most important thing: your prescreened call out. If you really want to move people to act, you're going to do more than just tell them that you are lending. You're going to tell them that they're pre-selected, prequalified, or preapproved, because that translates to the consumer that they will have an easier buying process. It means they are more empowered, and don't have to worry about that second step toward loan approval. It makes the process less stressful. And since they hate the whole process in the first place, it's a really great thing.

Let's go to the next page, number 4, Offers Beyond Rates. So this is a lot of what we're seeing out there. With all this additional activity around auto lending--besides your prescreened offer, besides your as-low-as rate--you'll also see a lot of delayed payments, so when you close, you will have no payments for 60 to 90 days, for example. You might see a check that you can make out to the dealer directly, which is very empowering and alleviates stress. And then "save" is a big message: "refinance your current loan at a lower rate." And you can include a savings chart to show how much money they can save every month on their car payment with a refinance. And we'll look at some examples of this. A cash bonus offer, \$200 off closing, there are offers like that out there. And then there's even one in here for a sweepstakes for free gas.

So you can sweeten your offer and make yourself a little bit more competitive in all these ways. These are just some ideas and things that are out there in the market that we're seeing.

Number five is you want to create the perception that you are going to deliver a good experience. When I come in and I get my auto loan, or I get my check in the mail, or I have fast, easy approval, maybe I'm preapproved, the whole process feels easy in the way the creative is put together. It's scannable, easy to read. It doesn't look complicated. It doesn't read complicated. It doesn't feel onerous. And if you can even make a claim such as "get approval in as little as X hours or X days," that's a good thing to say if you can do it. If you can't do it, just create that perception that it's going to be seamless and easy.

Number six is urgency, which is absolutely essential to any direct marketing initiative. You want to tie your offers to a specific end date, so that the consumer will act right away. It's a good idea to restage your end date in more than once place. For example, the P.S. at the end of the letter is a good place to put it.

And then number seven, clear call-to-action--tell me exactly how to apply; make it sound easy and make the offer pop, explain exactly how to get the offer, make sure you've cleared some space around the offer, like on the certificate or the side bar or wherever you're going to have it so it stands out and isn't lost in a sea of type.

And the next page, 14, number 8 in our countdown, you make it easy to respond, you know, say, "take this check directly to the dealer." Or tell them if they should take the certificate into the branch, call you, or go online. If they can go online, tell them they can scan this QR code, or apply via mobile device.

Number nine, customer versus prospect. I had mentioned this earlier. It's a good idea if you're talking to a customer to position your offer as an exclusive customer offer. That's another way to make it feel like you're doing this especially for your customers. They have a relationship with you. They're going to want to do business with you. So it's a relationship approach. And then if you're going to be talking to a prospect that you don't have a relationship with, you just need to make it more promotional to stand out even more to get them to notice you.

And then number ten on our hit parade list is to leverage your brand. Your brand is what differentiates you from a sea of competitors. And a trustworthy brand that you've earned for years as part of your very important value proposition, it's really when a customer thinks of you, when a member thinks of you, that brand really inspires a feeling of trust and loyalty.

Let's go to our next page. What I did here was a little recap of our messaging hierarchy for you to look at. So, you know, pre-screen your offer if you can. That's maybe the most important thing. Mention your "as-low-as" rate if you've got a good "as-low-as" rate. Throw in that customer exclusive spin on it if you can. Include a bonus offer such as a delayed payment or a cash bonus, something like that. And then incorporate lowering your monthly payments with a refinance, savings, using a savings chart is good. Empower the customer to make a deal, you know? Send them a check, send them a pre-selected certificate, something like that, where they can feel they've got something they can take to a dealer and deal with. Quick and easy to apply with fast approval. And make sure you have urgency with an end-date, and make it easy to respond by telling them exactly what channel or channels to use.

What I want to do next is show you an example of a piece put together according to those best practices for auto lending. And I'm going to ask Steve to explain this product to you, but this is a Harland Clarke marketing services solution template, okay? And it's a

good example. I just wanted to show you, because it shows you where all the messaging can go. So, first, I'm going to let him explain the product to you. And then I'm going to walk through the template and show you how we use for this template approach, how we use the real estate in the piece.

Stephen: Sure. Thank you, Kris. Refi Genius is a product that Harland Clarke offers, which is basically a recapture program. So through Refi Genius, we are identifying your customers or members who may have an auto loan at another financial institution. And based on criteria that Harland Clarke and the financial institution collaborate on--things like FICO score and your credit attributes that we would identify among your existing customers or members such as remaining outstanding balance on the loan and remaining term on the loan-- once we identify what those attributes happen to be, working with the bureaus and identifying which customers or members fit those criteria and qualify for your pre-screen, we then reach out to them with a communication, encouraging them to refinance that loan product with you in order to save money. Kris, back to you.

Kris: Thank you. Let's go to the next page, 17. I'm going to break it down now and look at each piece. And I've got the areas where specific kinds of messaging is highlighted. So, first, we're going to look at this letter. And we've got - for Refi - we're leading with "lowering your monthly payments," which, of course, is why you would want to refinance. So if you look at that Johnson box up there in the right-hand corner, "Lower your monthly payments. You're pre-selected to save \$80 or more each month on your auto loan."

So that Johnson box is very powerful. It's got the "lower your monthly payments" message, and it's got the pre-selected message. Then if you look at the beginning of the letter, that's where we talk about great low rates. This one doesn't talk about a specific "as-low-as" rate, but it does talk about great low rates, and it incorporates that powerful savings chart that I talked about earlier. This is just an example. Your terms and conditions are basically a ground rule for what you're looking at here as far as the rate and how you could get to these numbers. But it helps consumers when you translate it to: What does this mean to my real life, my every day, real life or my monthly payment?

So an example is if your estimated monthly payment is \$360 and then you refinance with us and it becomes \$280, you save \$80 a month. And it could be any numbers that make sense to the target audience you're going after. So that's the savings chart. And then in that last paragraph, we talk about fast closing. "For local decision making, a fast closing and dependable service, work with a local lender you already know." So I think, you know, for credit unions and community banks, it's really important to fall back on that relationship aspect of how you really service your footprint in your part of the neighborhood. So fast closing really makes a lot of sense. And then at the very bottom,

“Pre-selected for Susan Smith,” that’s just where you see the pre-selected message is mentioned again and then we have the call/click command and an end date.

So let’s go to the next page because I’m going to look at other aspects of the same letter. So if you look at this on the next page, page 18, you see over in the side bar, act now, that’s a call to action. It’s got an end-date. And then you’ve got a PS where we call out that you can get lending for a refinance or a new loan. And we’ve got the end-date again. And then we’ve got a certificate down at the bottom to accept your auto loan today. And we’ve got a scannable list that calls out specific actions and channels. And then if you look at the back of the letter at the top, that’s the letter flipped over and you can see those FCRA compliance disclosures.

And then if you go to the next page, let’s look at the e-mail. The e-mail is really the print mail messaging content optimized for the e-mail channel. So it is a little bit different. At the very top, we’ve got the lead in line, save money on your auto refinance. And then after the salutation, “You’ve just been pre-selected,” so, again, we’re leading with “pre-selected.” And we’ve got the savings chart. Then we’ve got an actionable button here to learn more. Then we’ve got the channels call/click. Even though it’s an e-mail, we still want to include the telephone number, but clicking becomes more important obviously in an e-mail.

And then at the very bottom, we’ve got those FCRA-compliant disclosures. So it’s the same content, but it is optimized for e-mail. It’s not like you can just cut and paste it right out of the mail piece. Okay? So now let’s go to page 20. And, Steve, if you would, kind of speak to legal requirements and those FCRA requirements. That would be great.

Stephen: Sure. Thank you, Kris. So never as easy as it may appear, right? Because we are a regulated industry, that is just a fact of life. There are certain things that we have to do in order to comply with the letter of the law. Kris pointed out some things that you saw in both the postal mail and the e-mail communications, things like the short form opt-out box, the long form opt-out box, all done in order to make sure that we are complying with the Fair Credit Report Act or the FCRA. There are also regulations requiring the point size those notices need to be in order to make sure that the consumer can see ways that they can opt-out of future pre-screen mailings.

On top of all of that and what you see on this particular slide, just a couple of other things to consider with legal requirements and the disclosure information that we need to communicate to the consumer. We need to make sure that the consumer understands that even though they have been pre-screened--whether they’re pre-approved or pre-qualified or pre-selected--that we have to let the consumer know that we’re going to put them through the normal underwriting process because there are certain things that we don’t know.

We certainly probably will know the FICO score. We'll know the value of the outstanding auto loan. We'll know the remaining term on that loan. But we've got to let the consumer know that should there be changes in their credit background, like changes in employment or changes in income or issues revolving around the collateral, we reserve the right to provide a different rate or a different dollar amount that we're going to lend to the consumer. Or, ultimately, we may not approve the loan at all. All of that done through the firm offer credit guidelines in order to make sure that we are thoroughly communicating with the consumer. Regardless, I would strongly urge anyone conducting an auto pre-screened campaign, to make sure that at the very outset, their lending department and their compliance department are involved with the process to ensure that lending has its say in what we're going to communicate and to ensure that compliance has the opportunity to review every word that we communicate to the customer or the member. And by getting both of those entities involved early on, you will go a long way toward helping to assure that your initiative gets out on time and is implemented as smoothly as possible. Kris, with that, back to you.

Kris: Great. Thanks, Steve. Let's go to the next screen. I'm going to show you a series of end-market pieces. Most of them are pulled from Comperemedia as the source. And I think it brings to life all these things we've been talking about. And you can see how different credit unions and banks have put together their pieces and what they look like and how they use these elements. Because there is not just one way to absolutely do it. It's just that the hierarchy is the rule, I guess you would say.

So let's look at this first one for Arizona State Credit Union. This one is for a loan or refinance, and it's a member cross-sell. The most striking thing about this one is the visual presentation. I think this one is pretty well-done. There's a big "pre-approved for \$40,000" across the top. I mean, that certainly gets your attention. And then in the side bar, you're going to see those "as-low-as" rates for new and used vehicles.

And I think it's really interesting that in 2014, we're really seeing a lot more new vehicles being purchased because of all the aging of vehicles, like Steve talked about earlier. So this addresses the "as low as" rate for new and used. And then we have that big, visually striking, pre-approved certificate for \$40,000. It looks like a check, but it's really a certificate down at the bottom. And it's just a visual way to emphasize the offer. And then if you look within the body of the letter, you're going to see they've got this step 1, 2, 3. And step 1 is the pre-approval. Step 2 is the channels you can call. You can go online. You can take your certificate to one of the branches. Or that last bullet, you can go straight to the dealership and show them the certificate, so you've got dealing power. And then step 3, decide on the ride you want and go: it's easy. So they've really paid attention to making this feel very easy.

And then they have deal sweeteners in there. You have three months with no payment. You get a .25% APR discount because this is to members, right? So as a member, you

qualify for this APR discount. And you get to skip two payments during the life of the loan. So that's a pretty great package, you know? And then on each of these pages, I've kind of done a little recap down at the bottom where I say what I think the net takeaways are that are the most powerful. So this would be the pre-approval, the bold rate call-out. It's very well-branded I think. The three-step offer presentation is different and interesting. It's an easy to act on certificate, and it visually emphasizes that pre-approved cash amount. I think it's very well-done.

Let's go to the next page. This one is Family Savings Credit Union and this is for an auto loan refinance. It's targeting members and prospects. So this one is a lot less visually flashy, very basic. But it does have a special offer where if you look at that blue box up on the right, you see a promo code. And you get a rate as low as 2.79% and there is an offer sweetener in here, too, where you delay your initial payment for 45 days. So it's got a rate offer call out in the side bar. It's got the time, urgency, "Call quick, offer expires," place for the promo code, which feels exclusive. So this is a much more basic piece, but it's still got some good exclusivity and urgency incorporated into it.

Let's go to the next one. I wanted to show you this one, even though it's not a credit union or a bank. This one is Fleet Financial Auto Finance Solutions, so there's a specific reason I wanted to show this to you. And it's really the way that they emphasize savings -- a different way of doing a chart. I just thought it was worth looking at. They lead with "In the next 12 months - you can save \$586." So instead of focusing on the monthly savings, they're focusing on how much you save in a year. So that's kind of different and interesting.

And then instead of that little chart that looks the same, this is more graphic: current payment, new payment, annual savings. So even though there is a lot of copy and clutter on this piece that I wouldn't probably advise, there are some good things like that annual savings translation using the compelling call-out visual of the current payment, new payment, annual savings information. And the call-to-action on this one is to call or go online. And I wanted to point out that this envelope is not something that a credit union or a bank would want to do. I don't know. It's just much too promotional for a bank or a credit union with all the red type. But there was some value in there and I wanted to share that with you.

Let's go to the next one. This one is Mission Federal Credit Union, auto loan or refinance to members and prospects. This one is well-branded. It leads with monthly payments "as low as." And it's got a promo code as well. And I think that this one is interesting because people do know what they pay right now, so they're looking at "what could I pay?" And if this is lower than the amount they pay, they're going to be automatically interested. The offer sweetener in this one is to defer your first payment up to 90 days, and there's also a sweepstakes where you can win a monthly payment. So we're starting

to see some patterns here as far as these offer sweeteners. And you can see there's really a lot out there, because there's a lot of competition.

Let's go to the next one. This one is Langley Federal Credit Union. This is for an auto loan refinance, and is actually from one of our clients, so this is a piece we put together for them. It's a member cross-sell. And if you look at this, I think you can see all those important hierarchy points that get hit. Up at the right-hand top, you're pre-approved, "refinance your auto loan for as low as" – it's got that lowest rate for up to 60 months, plus, get a \$50 bonus. So that, again, very hard-working Johnson box area up there on that top right, calling out the offer as low as 1.9%. And we've used a pre-approved and personalized certificate with the offer on it down at the bottom to put everything you need to look at in one place. Here's my offer. Here's the channel. I call this number or stop by any of your 18 convenient branches today, and there's my end-date. So the end-date is very important, and it's called out right there on the certificate.

And it's got very strong branding. This really does look very much like Langley. The offer sweetener, along with the urgency, is to refinance your loan. This becomes interesting. You refinance your loan by a certain date and you get the \$50. I don't know, it just has a more urgent feel just saying, "Get \$50 when you close." It's, "Do this by this date," because this is verbiage detail, but, still, that's what creative really is, it's how you write it, how you position it, to make a consumer feel motivated and have a sense of urgency.

Let's go to the next one. I know you recognize Nationwide, and this is Nationwide Bank. And it's targeting customers who already own a home or auto insurance product, right? So this is letting them know that we can also loan you money to purchase a car. So it's pre-approved. If you look at the letter, and, actually, the envelope, you see the same message. It looks like that. I pulled this off of Comperemedia. Sometimes it's kind of hard to see. But it looks like a double-window envelope. "Lower your monthly car payments. Refinance your auto with rates "as low as" and "you're pre-approved." So the Johnson box messaging shows through the window of the envelope, which is a very good best practice. It basically uses this double-window, where that message in the Johnson box area can shine through onto your envelope. Very compelling.

Anyway, go back to the letter. Refinancing is not just for houses. You can refinance your auto with Nationwide Bank. So they use this as a way to raise awareness and extend an offer. They talk about no application fees and flexible terms, so there's really no additional offer sweeteners like what we were seeing in some of those other packages, which makes it a little less competitive than some of the others.

The messaging centers around two ways to save. One, re-finance and pay off your car sooner, or, two, refinance at a lower rate and lower your monthly payments. So that's kind of a little positioning detail. The thing that's different about this is there's also an

insert, this piece that you see, the green piece that says, "Just look at the numbers." That's a buck slip, and it's got the branding for Nationwide all over it. Then on the back, they've got their savings chart there.

So, generally, you would put that savings chart in the letter, and you wouldn't really need an insert. I do think that savings charts are great. I think that people look at the letter before the inserts. So I kind of like having the savings chart actually in the letter better.

Okay, let's go to the next one. Now we're going to look at a few postcards. Like we talked about in the very beginning, postcards are mainly good for raising awareness, so you don't have the room to meet the legal requirements necessary for a pre-screened offer. So this is mainly just to create urgency and awareness: "Come to us and we're going to work with you to make sure you get a deal, a low rate auto loan." So this piece is for Valley First Credit Union. And it's for a loan or a refinance. It looks like it went out to members and prospects, and it's leading with an as-low-as rate, not a pre-screened offer. There's also an offer sweetener of \$200 cash, and then there's an offer of 90 days with no payment.

If you look at the back, it's got three easy ways to apply. It's very easy to see that. It pops out. And then a big offer, "Hurry, this offer ends May 31." So it's got good urgency in it. And it's really a pretty strong awareness-building piece.

Let's go on to the next postcard. This one is Virginia Credit Union. And this is for an auto loan, leaning really hard on the as-low-as 1.99%. And if you look at the back, the address side, it again talks more about the low rates. It talks about new or used. It talks about moving an existing car loan from another lender. It actually incorporates the savings chart onto the postcard. It's not a very big postcard. It looks like a pretty small postcard actually, but it manages to get this in there, which I think is really crucial to the messaging, especially when you're talking about moving the existing car loan from another lender. That's the main strength of that one I think.

Let's go to the next one. Now, this one does kind of interesting things. This one has a lot of information on this billboard front, where they have 3% APR below your current rate or more. This is specifically trying to get you to transfer your auto loan to ABCO Federal Credit Union, and says they will refinance you at 3% lower for a limited time. It doesn't have a specific date. And then they have an example here where you can reduce your monthly car payment by up to \$100. So that's really what you see in this panel. It's pretty much all the information about the car loan at ABCO, because they're using the address side to talk about credit cards. So this is just an awareness-generating vehicle, because they're trying to say we're lending. You know, we've got credit cards, we've got auto loans, we want to help you save money. I mean, that's kind of a high level of what they're talking about.

So let's go to the next one, which is Chartway Federal Credit Union. And this is a great little postcard. I think it looks like it's targeting members and prospects. It's got a strong as-low-as 1.99% APR. And it's got an interesting offer sweetener—no payment for 45 days, plus you can enter to win free gas for a year. So that's just kind of fun, with a local feeling, credit union kind of feel to it. And it sort of says to me, “We want a relationship with you. We want to help you get the money you need or the car you want.” It also says, “Fast approval.” It does speak to that and that's it. So it focuses on low rate and the free gas offer pretty much. A very simple little piece, and for a postcard, I like that one. Let's go to the next screen.

When we mentioned our Refi Genius product, we looked at the optimized e-mail and the integrated effort of print mail and e-mail together. So this is a reminder to always think about all your touch points. Of course, you've got mail and e-mail for those that you have addresses for, but then there's in-branch. You've got web--online banking pop-ups where you can talk about auto lending. And then you have ATM, mobile and social media. I see we're running out of time, so I'm going to move ahead here. And then I've got a little advertisement for creative services here. We've got two pages here, one on creative driving results. But then let's move on to the next page, which shows our awards. And then I think we need to go ahead and open it up for questions.

Stephen: Great. Thank you very much, Kris. Before we do, just as a quick recap, we've talked about the demand for auto lending that's out there. Kris has gone through the ten best creative practices. On top of that, we also touched on the legal requirements that everyone needs to make sure that they address. Kris was kind enough to go through a bunch of samples. Good stuff, Kris. And the one takeaway I had is rates are so low. It's a great time to borrow money for a car. I wish I needed one. And then lastly, making sure that we consider all channels when we reach out to our customers or our members with any sort of an offer. With that, Matt, I'd like to invite Matt Weir, our colleague, to come in and let us know what questions may have come in via the chat screen.

Matt: Thank you, Steve. And, again, if you have any questions by phone, please go ahead and press *1 and our operator will queue up your question. The first chat question I have, Steve, I think might go to you. And it's for a little more background information on what a captive loan is.

Steve: A captive loan would be a loan that is made by one of the manufacturers. So it would be, let's say Honda Motor Financial Services or Ford Motor Credit. Those types of loans would fall under the heading of a captive.

Matt: Great. And, Anna, I don't know if you could give the announcement for asking questions by phone this time.

- Anna: Yes. So another reminder to enter *1 if you would like to ask a question via telephone. And if you're using a speakerphone, please make sure your mute function is turned off to allow us to monitor your equipment. Again, enter *1 to signal over the phone.
- Matt: And while we wait for any of those to come in, I've got another question that came through. And this one is: How do you obtain a pre-approval without knowing the client's income or job status?
- Steve: Well, Kris, why don't I handle that one? It's a good question. So through the Fair Credit Reporting Act, when Congress implemented the law so many years ago, it did it to benefit both the consumer and the financial institution, whether it be a bank or credit union or whoever the lender happens to be. From the consumer perspective, financial institutions are able to put in front of consumers credit opportunities that might not otherwise be made available to the consumer.
- The Congress, at the same time, said in order to do that, there is only limited information that a financial institution will know about the consumer. That limited information is typically going to be the FICO score, things revolving around delinquency or bankruptcy or foreclosures, etc., etc. Knowing that bank or credit union only has limited information about the consumer, Congress has said, "You reserve the right to hold off on your final decision, whether it be a yea or a nay, whether it be a certain rate or dollar amount, until you're able to gather more information revolving around income, employment, collateral value, so on and so forth." So Congress has said, "Go ahead, financial institution, put credit in front of the consumer, but we also allow you to hold off on your final decision until you get more information about the consumer."
- Matt: Great. Thank you, Steve. I don't see any other questions within the chat. Do we have any in the phone queue at this time?
- Anna: No, sir. There are no telephone questions.
- Steve: Okay. Well, with that, I want to thank everybody for joining. Again, as a reminder, a link to today's slides will be made available to everyone on the phone upon the conclusion of this event. And a recording of the event will be sent out to everybody within the next week or so. Kris, any final words from you before we pack up?
- Kris: No. It's been a pleasure. Please come back and we'll have more webinars in the future. I'm so glad you were able to join us today. Thank you.
- Steve: Great, Kris. Got lots of great information. Matt, thank you very much. Anna, thank you very much. With that, we will conclude today's webinar.