




Presentation materials and video replay will be provided within one week.

Have questions? Use the questions panel –  we'll field them as we go and during the Q&A recap at the end of the call.

The Latest On New Household Acquisition

April 18, 2018



Stephen Nikitas
Senior Strategy Director

Steve Nikitas joined Harland Clarke in October 2010 and has more than 30 years of experience in strategic planning, marketing, public relations and executive speechwriting.

As senior strategist with Harland Clarke Marketing Services, Steve provides consultative services to banks and credit unions, helping them craft marketing and retail strategies and campaigns to take advantage of existing market and financial conditions and to grow targeted portfolios.

Topics We'll Cover

- Why Checking?
- Take the Time to Utilize Data
- Why Millennials?
- What Are the Must Haves?
- Inspect What You Expect
- Key Takeaways

Quick Poll

Is your institution planning to conduct acquisition campaigns in 2018? Y/N

If so, when? Spring Summer Fall Winter

If you have conducted a campaign, are you satisfied with the results? Y/N

Checking Drives Revenue

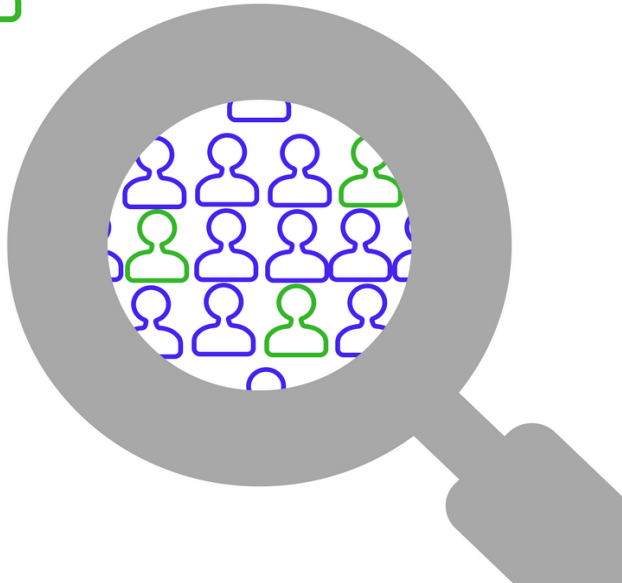
Benchmark	Performance
Percentage of profitable accounts	65%
Percentage of unprofitable accounts	35%
Average checking account balance	\$6,367
Average deposit balance per checking account holder	\$10,081
Average loan balance per checking account holder	\$9,563
Annual checking account service charges	\$8.92
Annual NSF fees	\$81
Annual miscellaneous fees	\$7.26
Average estimated debit card interchange income	\$50
Average monthly debit card swipes	12
Single product households	32%
Average age of checking account holder	51
Percent of checking account holders over age 50	51%

Saturation Approach

- Plot existing checking households to provide guidance on Postal Carrier Routes (PCRs) to target
- Determine demographic characteristics most correlated (positively or negatively) with checking account penetration
- Score PCRs based on demographic composition and its weighted correlation on checking penetration.
- Select PCRs with Households skewed toward those demographics
- Review counts by branch and revise if necessary



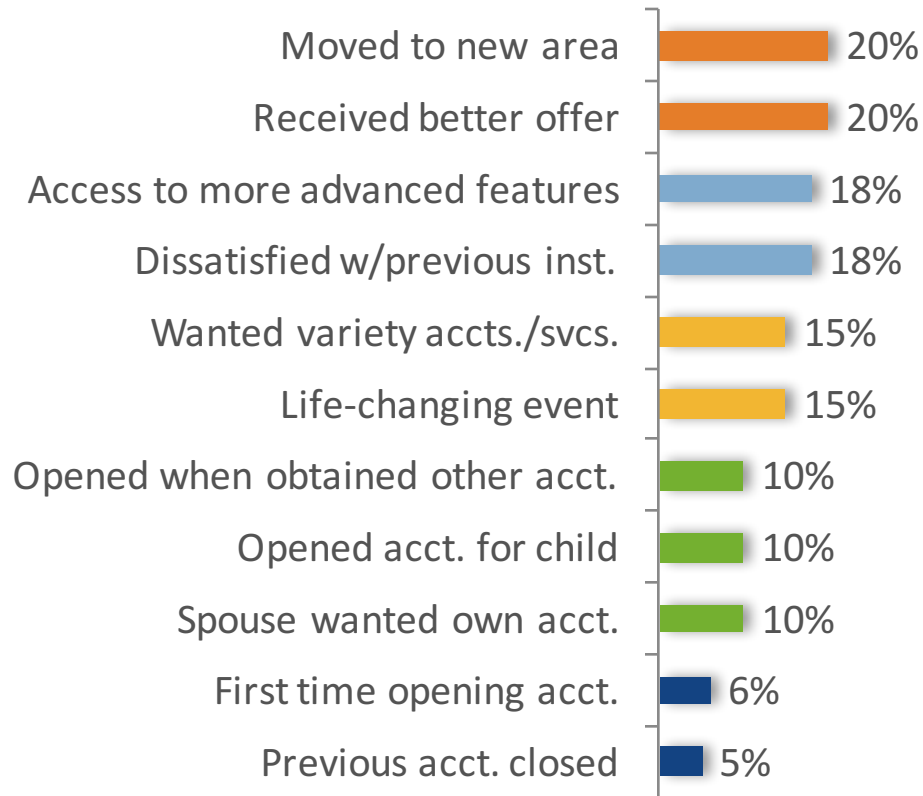
FI's Checking Portfolio
(Specific Time period)



Modeling Process	
Modeling Universe	Consumer PCRs within 10 miles of each branch location
Modeling Target	Out-performing Target PCRs within the geographic footprint
Modeling Method	Multivariate Adaptive Regression Splines (MARS)
Modeling Validation	30% Universe Validation; MARS model compared to three other regression methods (Linear, Logistic, and Robust)

Why the Need for a New Checking Account?

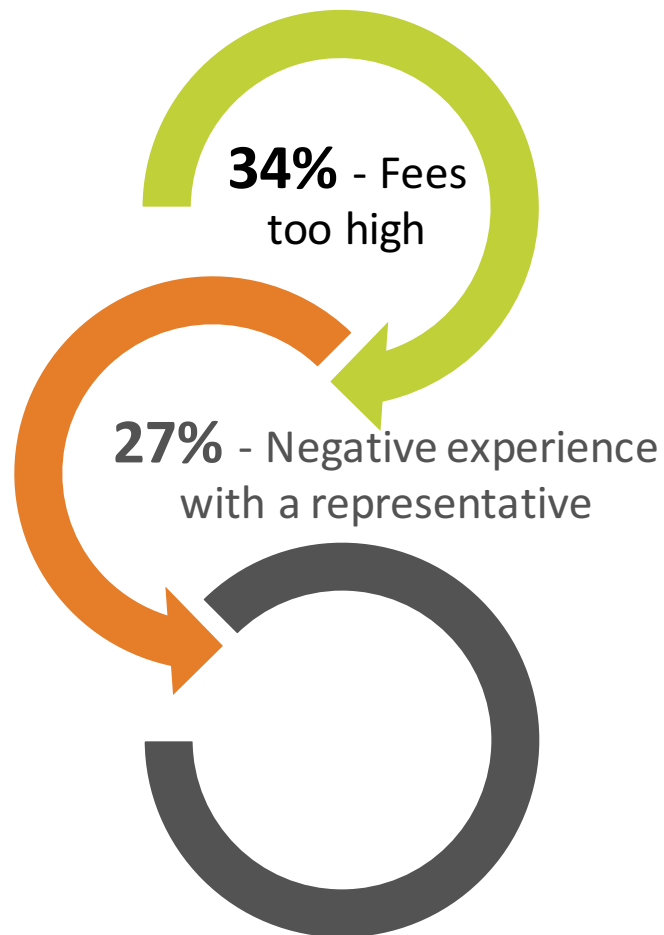
Reasons for Opening a New Checking Account at Time of Most Recent Opening



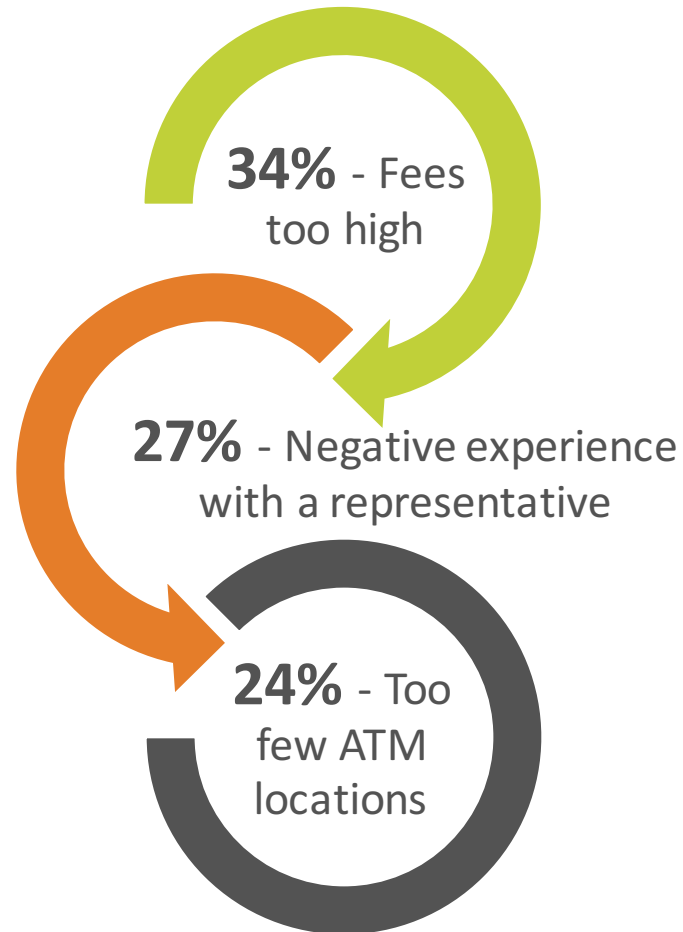
Why Millennials Leave



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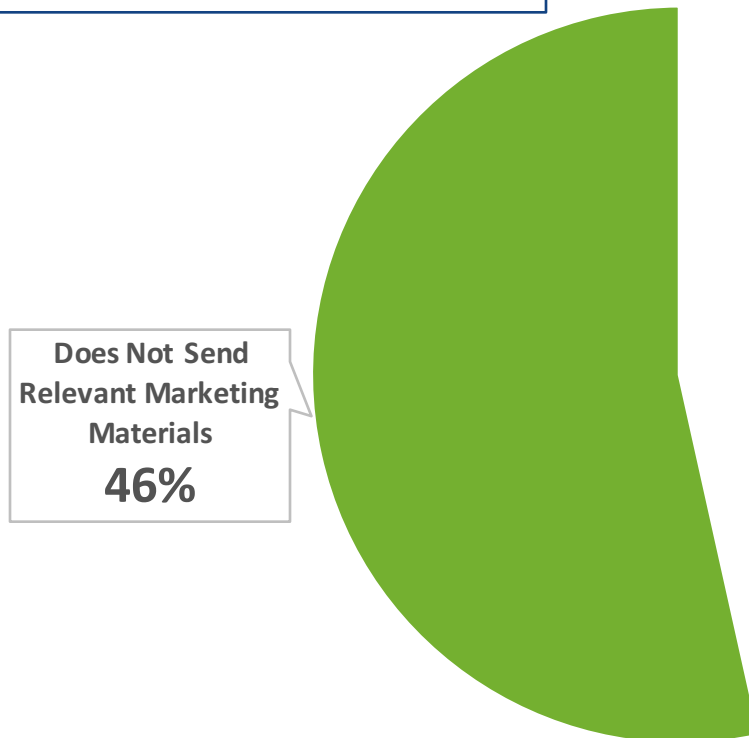
Why Millennials Leave



Is Your Message Relevant?

Communications From Financial Institutions Lack Relevance

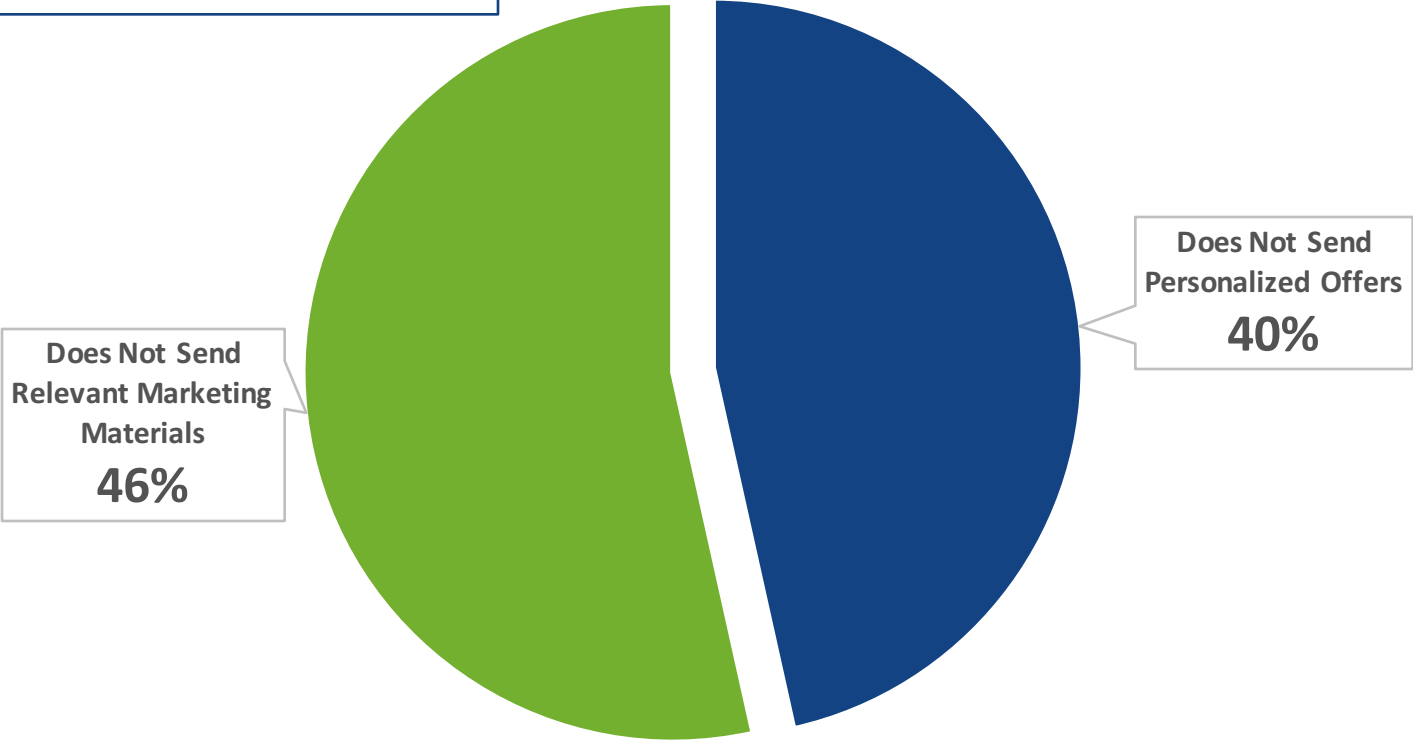
Financial Institutions need to make better use of data



Is Your Message Relevant?

Communications From Financial Institutions Lack Relevancy

Financial Institutions need to make better use of data



Single-Channel Marketing Is No Longer Enough

Preferred Channels For Receiving Marketing Materials

- Email
- Postal Mail
- Social Media
- Television
- Word-of-Mouth

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Takeaway

- Make sure marketing campaigns make use of multiple communications channels

Reaching Consumers at Home and Away

Identify Audience

We combine mobile location, online actions, offline demographics and purchase behaviors to select the best sub-ZIP Code (ATZ) geographies to target

Maximize Exposure

We deliver your message to prospects regardless of the screen they choose to engage on

Home Devices

Using location frequency, recency and popularity, mobile devices are assigned to those targeted ATZs

Link Devices

Through our cross-device matching technology, we find all the screens your consumers use in an anonymized and privacy-friendly manner

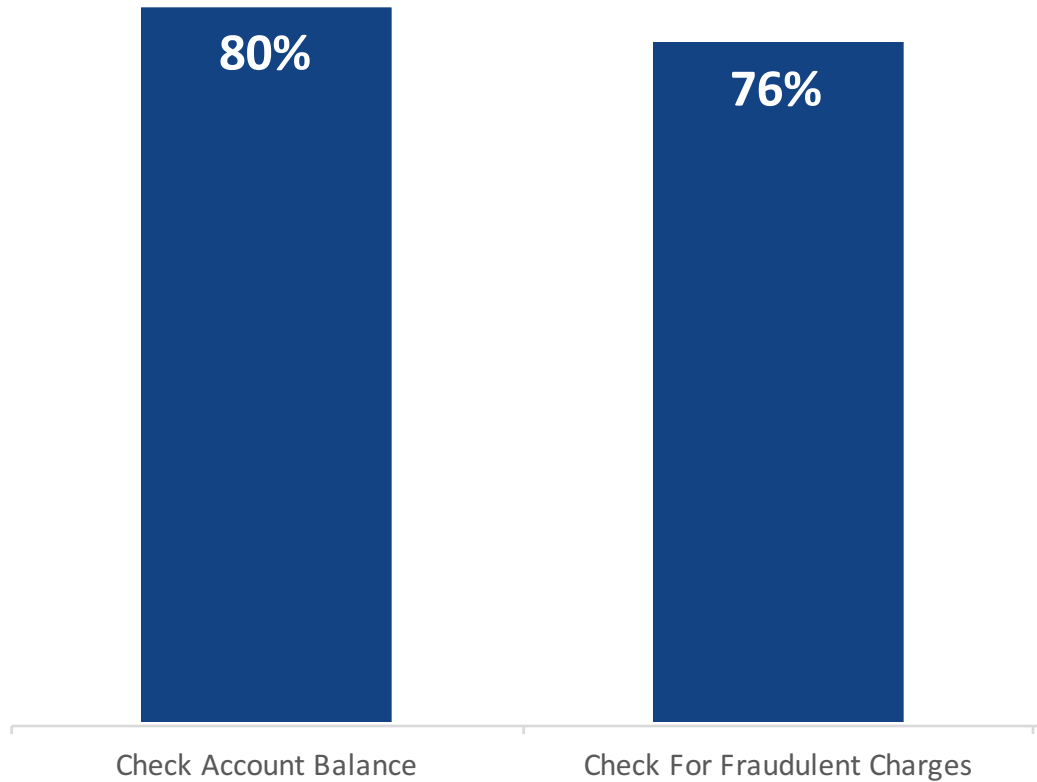


Top Digital Activities for Millennials



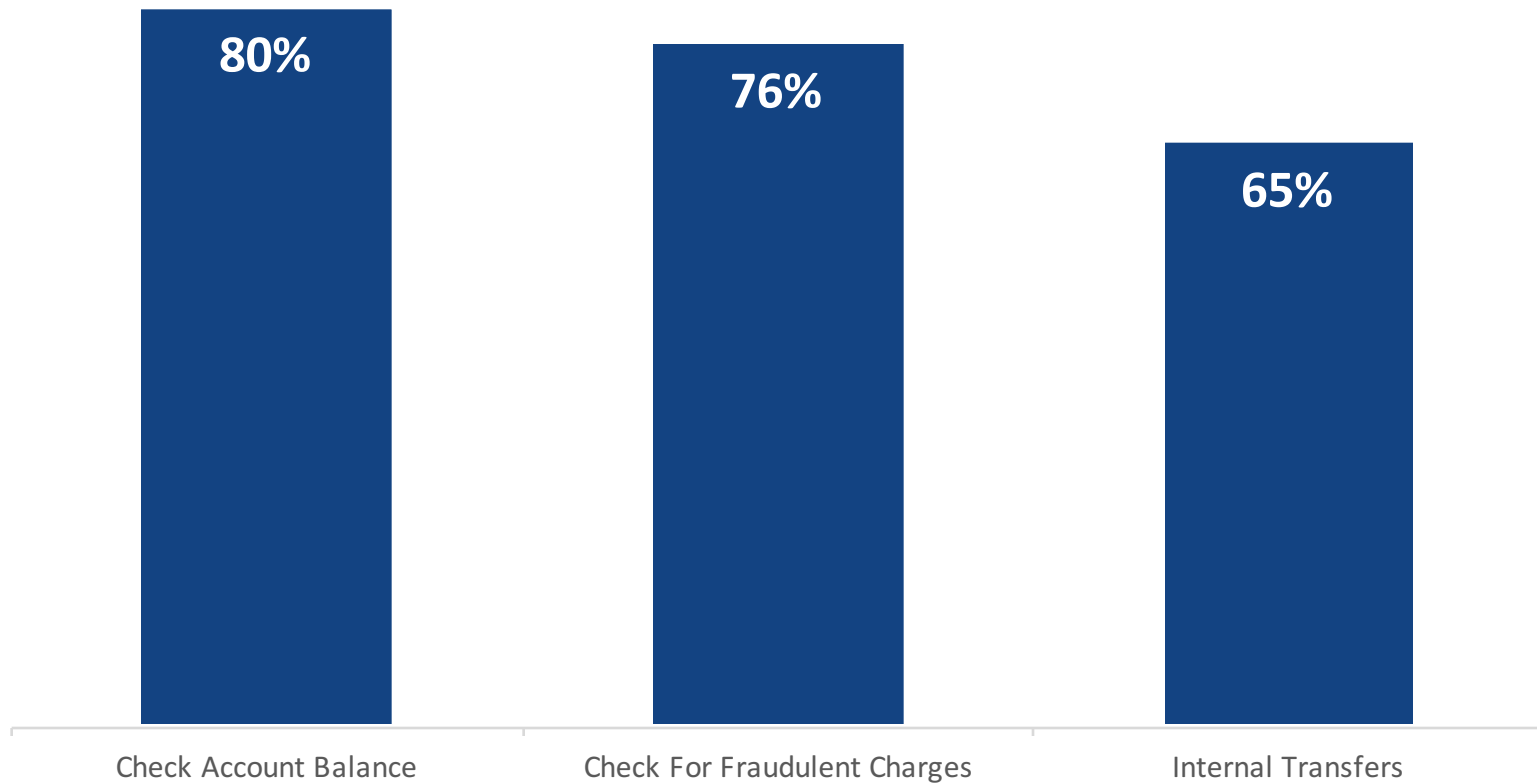
Source: FICO Decisions – Millennials And Credit Unions

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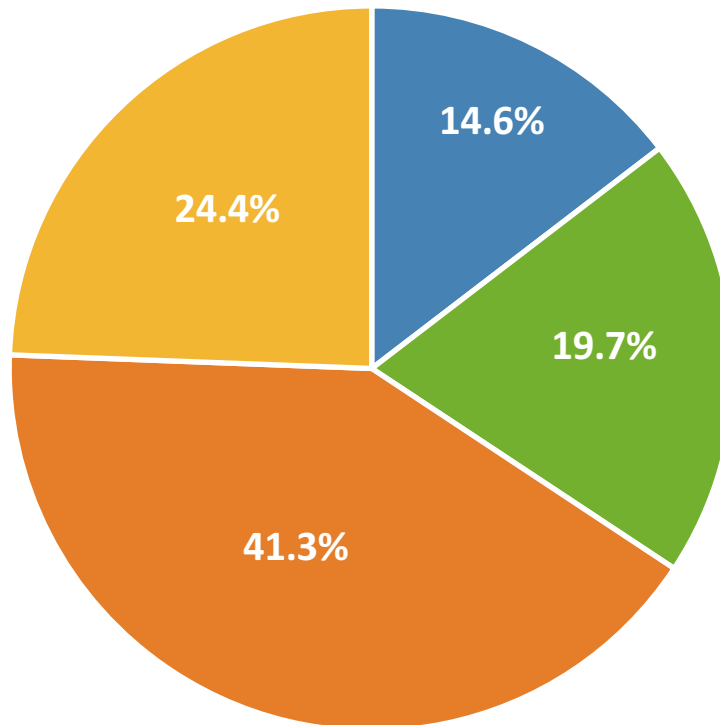
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Habits of Mobile Banking Users

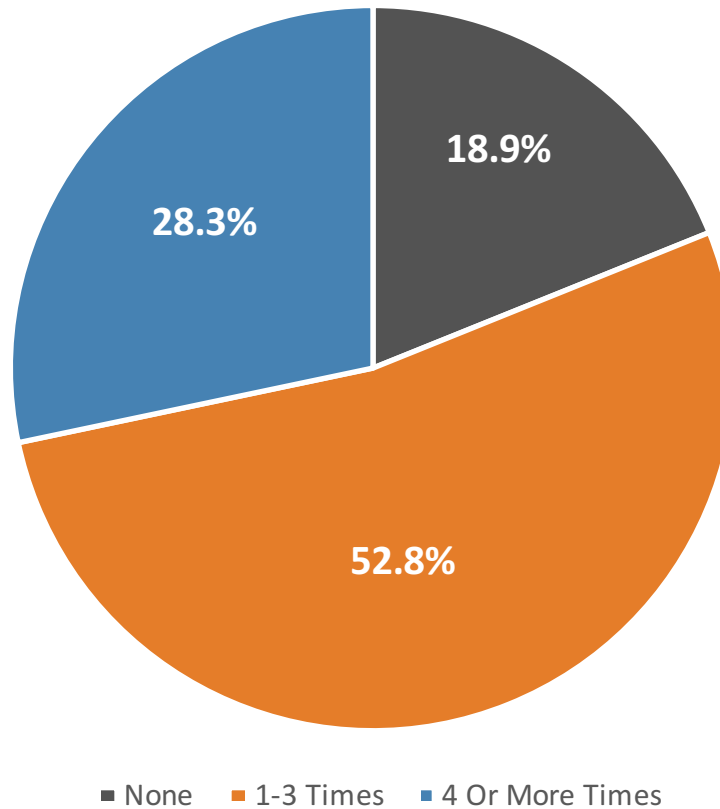
How Often Do You Use Your Primary Checking Account's Mobile Banking Application?



■ More than Once Per Day ■ Once Daily ■ A Few Times Per Week ■ Once Per Week Or Less

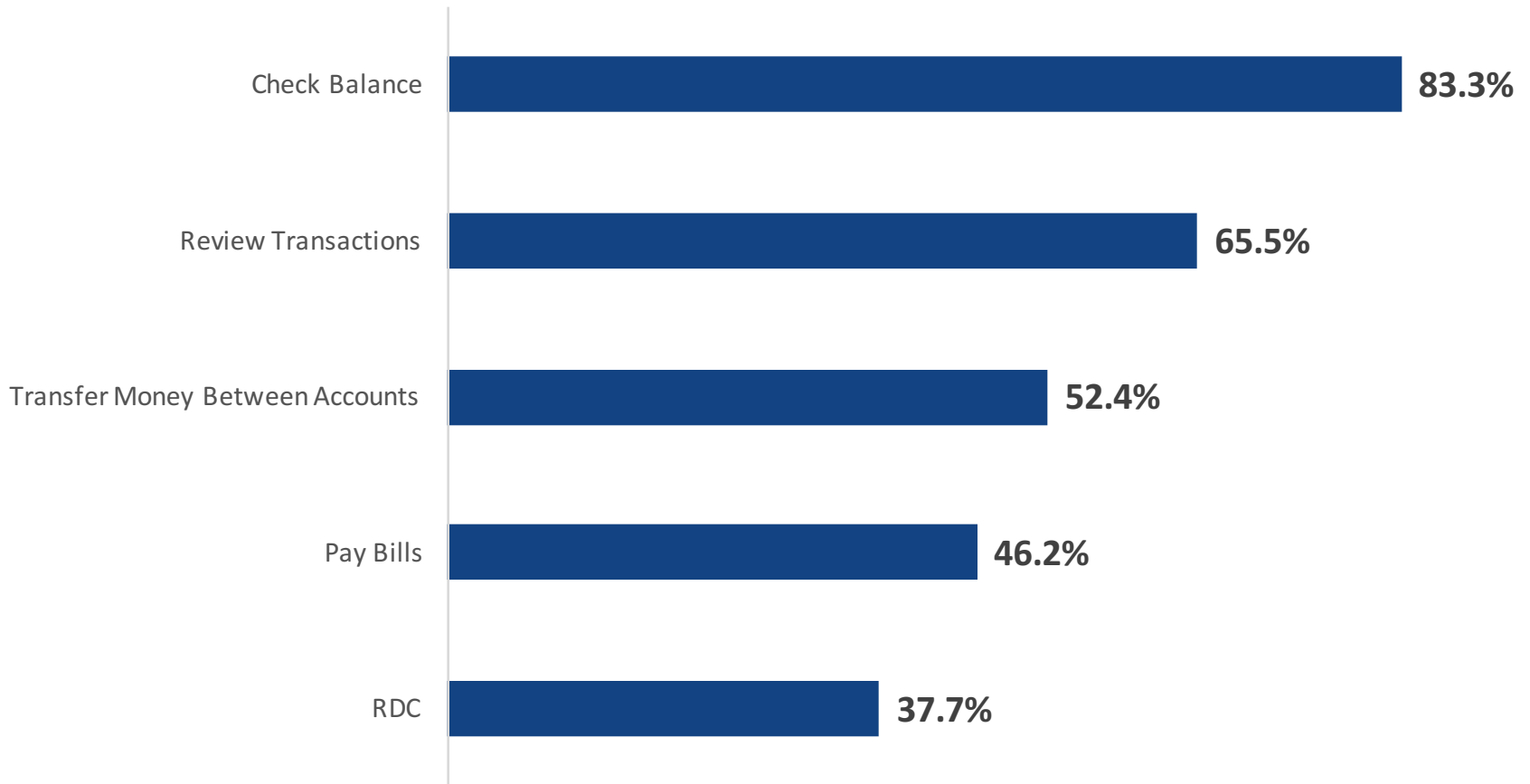
Acquiring New Households – Mobile Banking Users

How Many Times In the Last 30 Days Have You Visited a Branch of Your Primary Financial Institution?



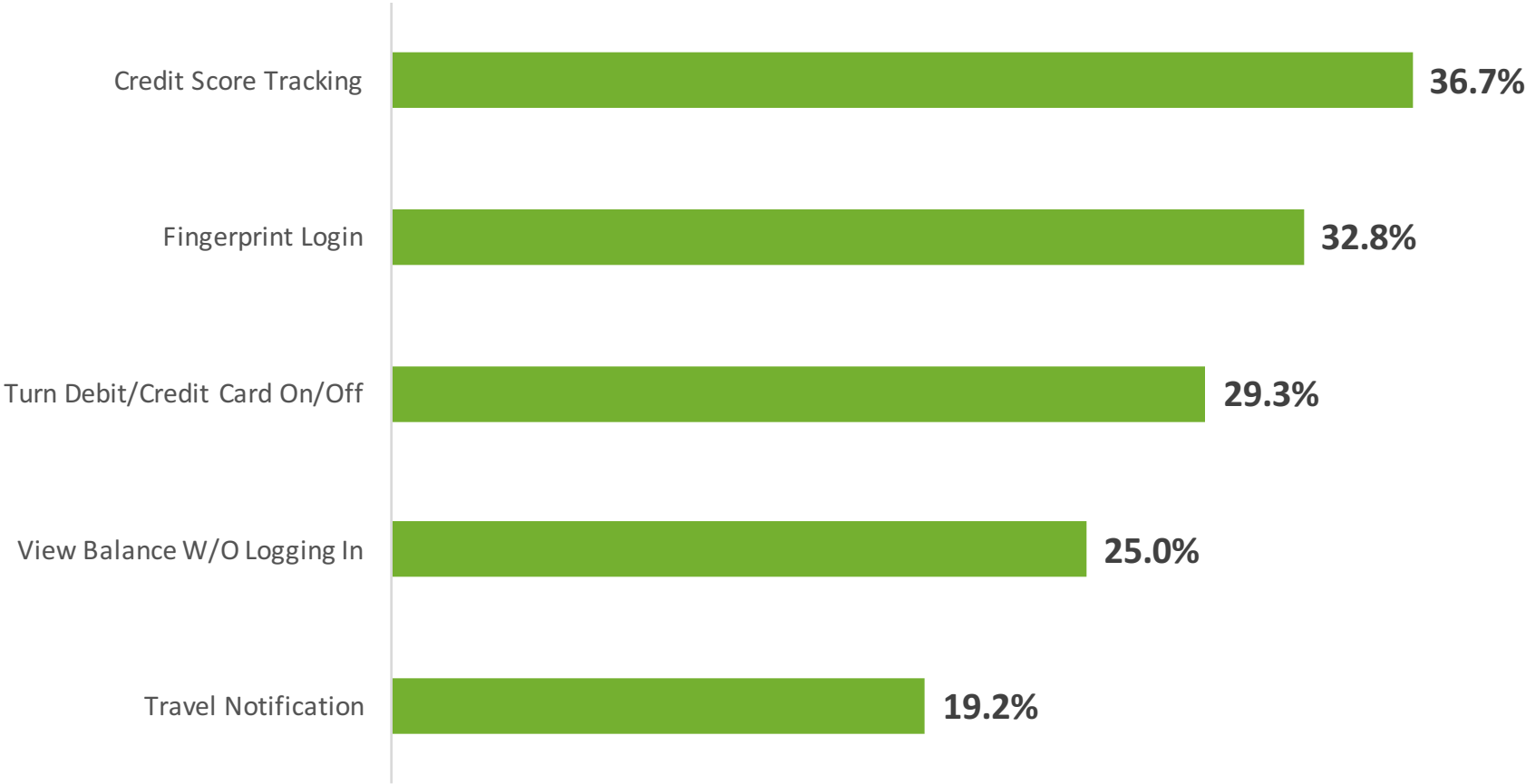
Mobile Banking Offers Convenience and Control

What Mobile Banking Features Do You Use Most?



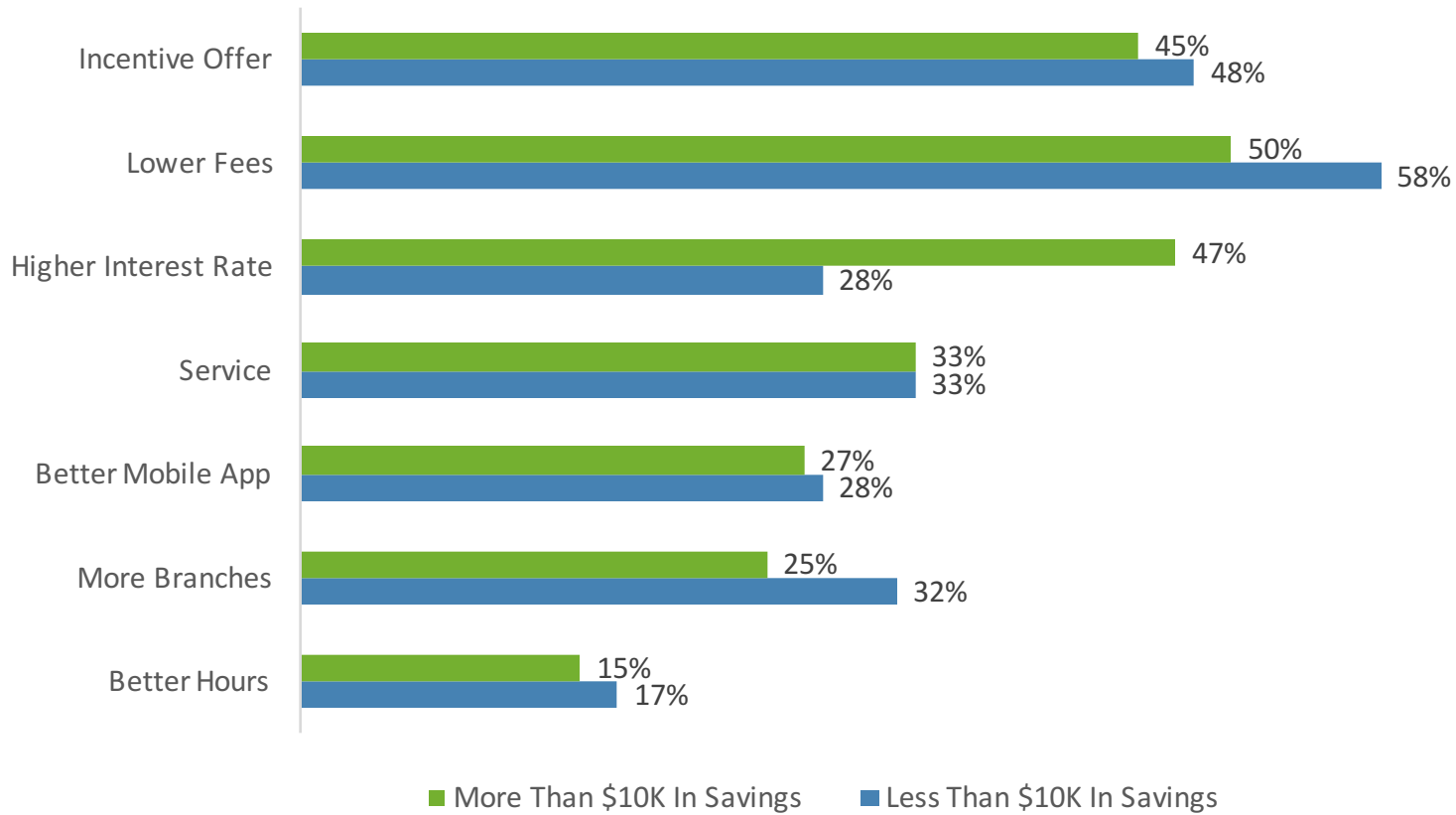
What More Can Mobile Banking Do?

What Mobile Banking Features Are Missing?



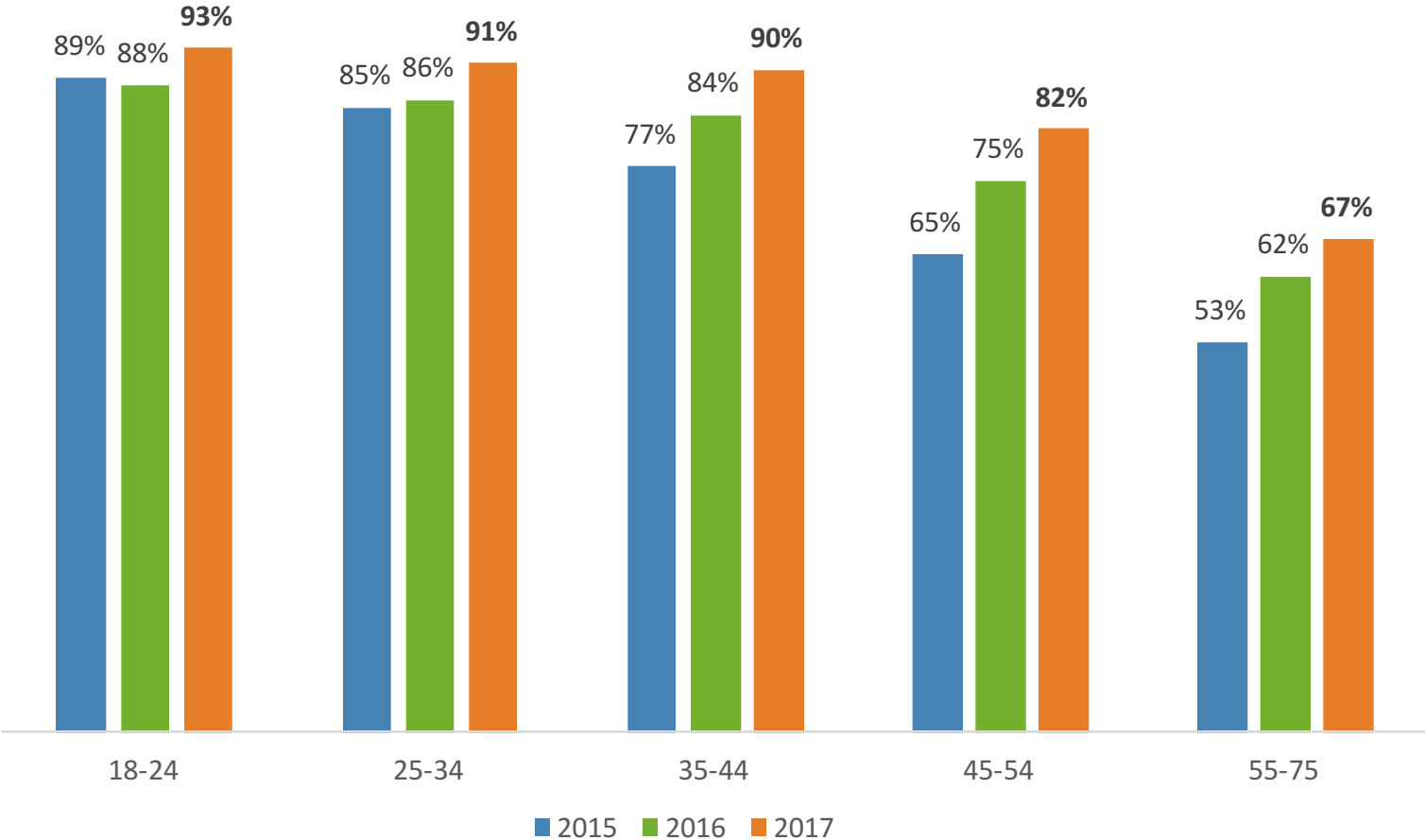
Mobile Banking's Influence on Acquisition

What Would Influence Your Choice Of a New Financial Institution?



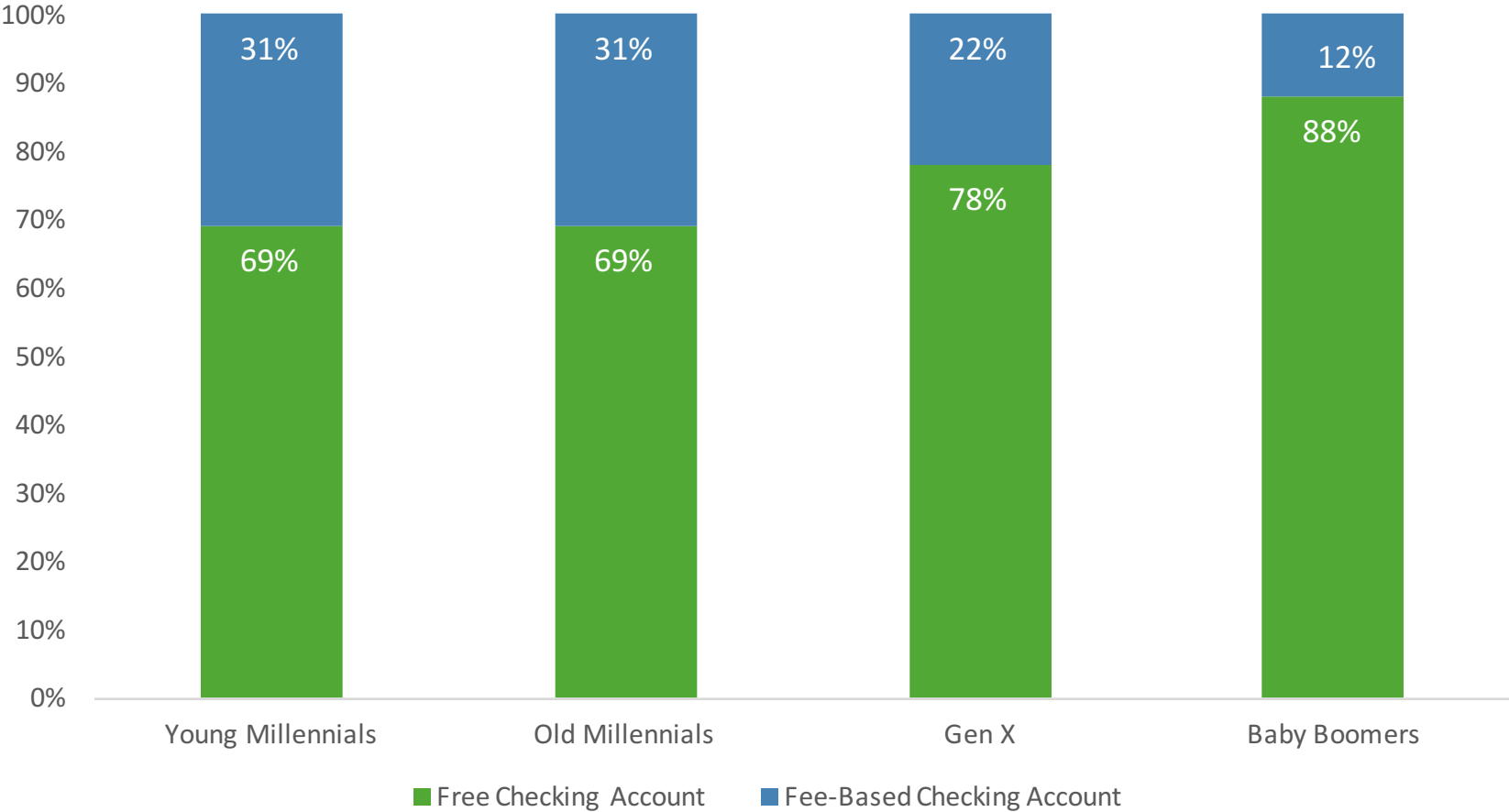
Smartphone Ownership Continues to Rise

U.S. Consumer Smartphone Ownership



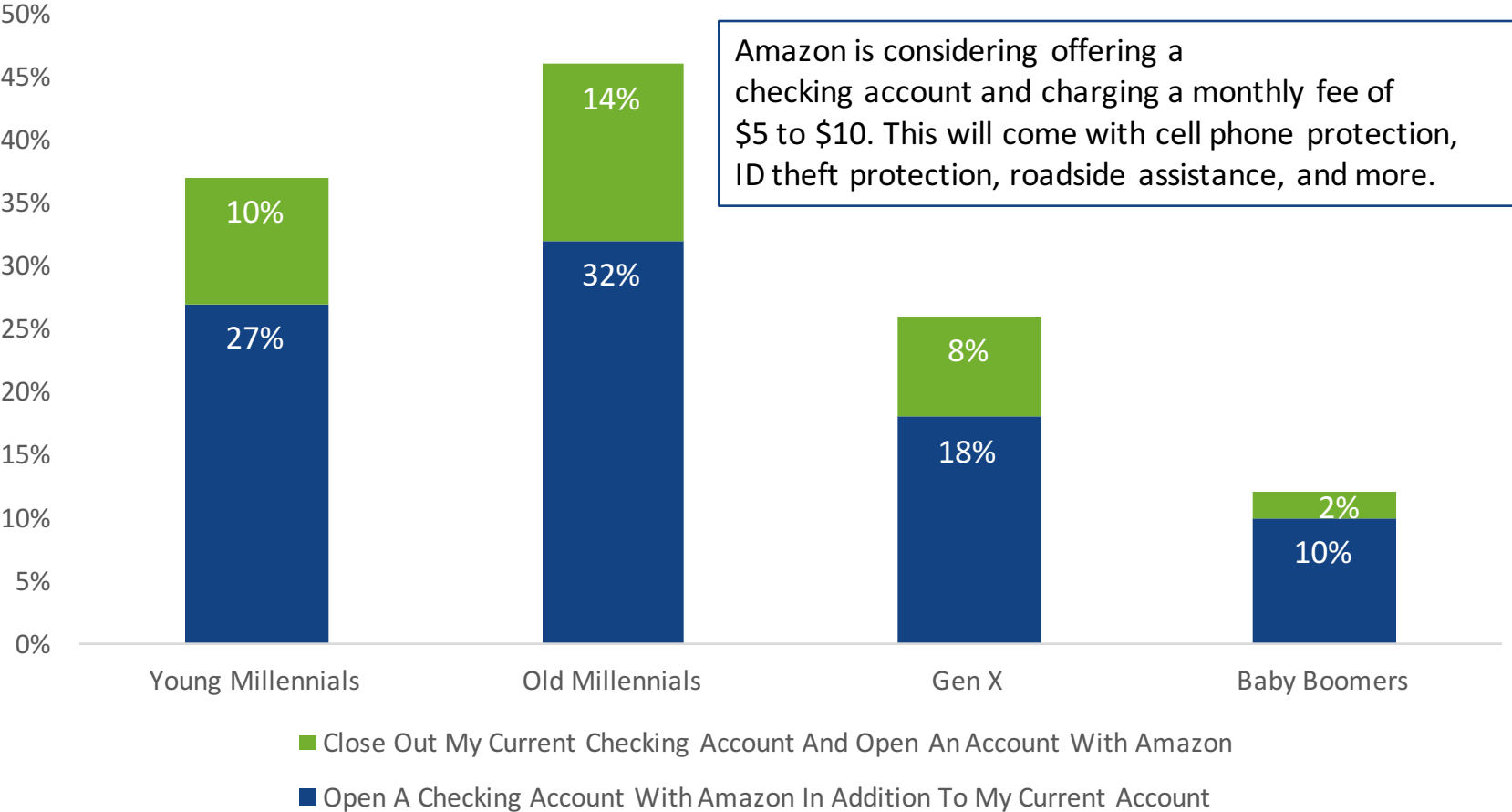
Checking's Generation Gap

What Type of Checking Account Do You Own?



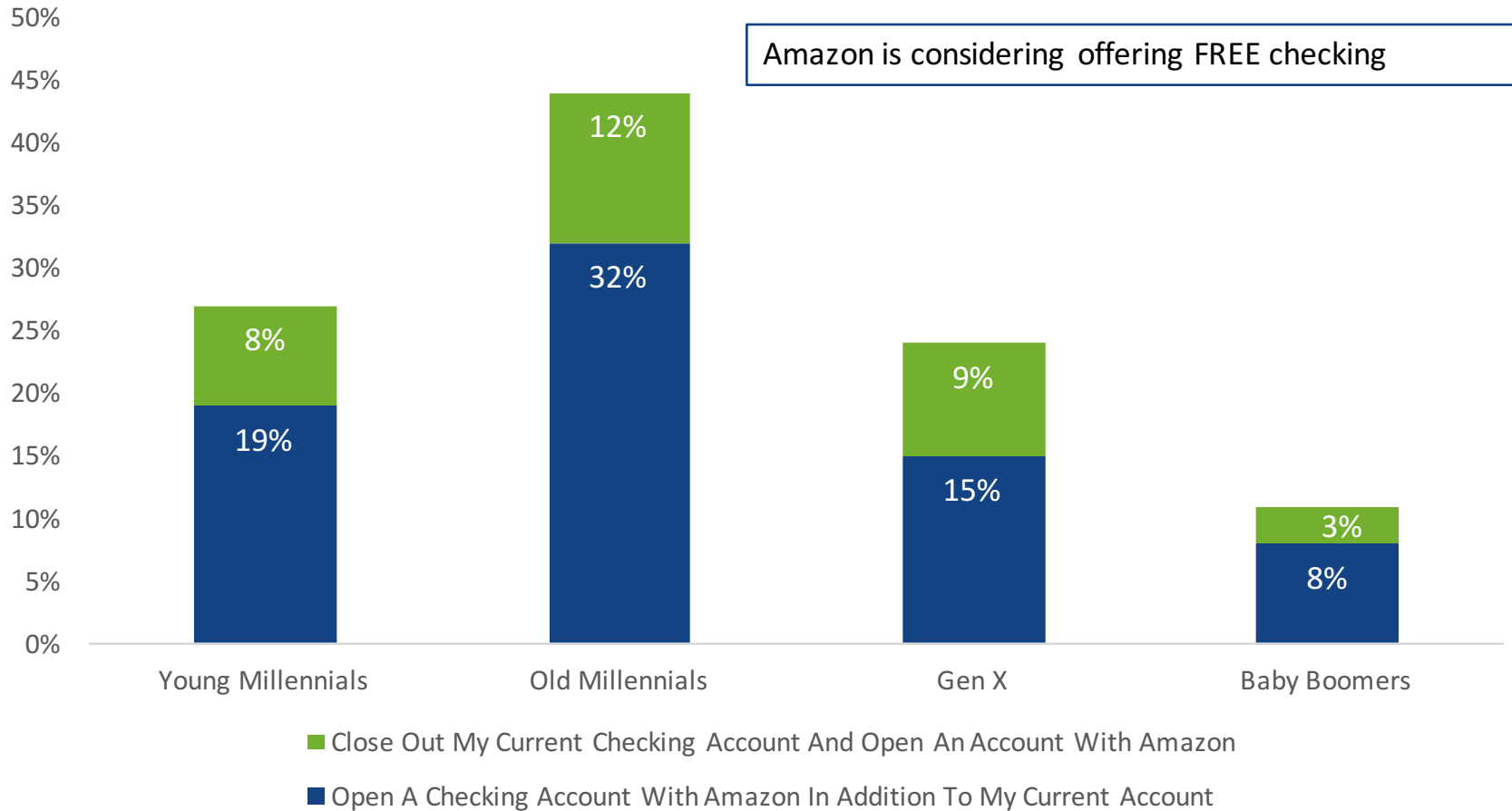
Checking's Generation Gap

Attitudes Toward an Amazon® Checking Account



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What Millennials Are Saying About Money

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64% of millennials say their generation is *NOT GOOD* at managing money.

73% of millennials say their generation *overspends on unnecessary items*.

75% of millennials say their generation overspends compared to other generations

Non-Deposit Products Added by Generation

	Fee-Based Checking Account Holders	Free Checking Account Holders
Young Millennials	42%	33%
Old Millennials	57%	41%
Gen Xers	39%	23%
Baby Boomers	21%	19%

Multi-Wave Household Acquisition

Criteria	Drop 1	Drop 2	Drop 3	Drop 4	Drop 5	Drop 6	Drop 7	Drop 8	Drop 9
Checking Response Rate	.36%	.25%	.27%	.29%	.41%	.39%	.36%	.30%	.37%
HH Response Rate	1.37%	1.11%	1.27%	1.26%	1.68%	1.15%	1.59%	1.37%	1.72%
Acct. Response Rate	2.44%	1.93%	2.25%	2.18%	2.90%	2.70%	2.68%	2.31%	2.98%
Total Balances Acquired	\$11,877,966	\$8,697,679	\$9,966,197	\$16,691,137	\$10,243,803	\$16,025,838	\$12,330,444	\$14,352,016	\$16,627,305
Gross Margin	\$337,334	\$247,014	\$283,040	\$475,697	\$291,948	\$456,736	\$351,418	\$409,032	\$475,541
Estimated Year 1 Attrition	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Estimated Year 1 Gross Margin	\$265,819	\$194,647	\$223,036	\$374,850	\$230,055	\$359,908	\$276,882	\$322,277	\$374,679
All-In Campaign Costs	\$54,499	\$32,465	\$32,535	\$50,722	\$24,602	\$40,634	\$32,565	\$30,823	\$30,783
Campaign Incentive Costs	-	\$33,877	\$27,600	\$24,300	\$25,300	\$31,570	\$26,580	\$14,485	\$18,500
NET Estimated Contribution	\$211,320	\$128,305	\$162,901	\$299,828	\$180,154	\$287,704	\$217,737	\$276,969	\$325,396
ROMI %	388%	193%	271%	400%	361%	398%	368%	611%	660%

Many variables impact campaign success. The information on earnings or percentage increases presented here is provided for demonstrative purposes only. Harland Clarke does not guarantee or warrant earnings or a particular level of success with a campaign.



Key Takeaways

- Focus on younger consumers
- Target – use data
- Be relevant
- Act now!
- Be consistent
- Inspect what you expect

Q&A Wrap Up

Type your question in the questions panel 



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Thank You

