THREE WAYS to TRIGGER Loan Marketing Success

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Consumer confidence reached **100.7%** in October 2017[1]

After years of sustained practicality, consumers are borrowing again at a record pace. Many are beginning home improvements, buying new homes and autos, or financing their children's educations.

What is driving the rosier outlook? Consumers are generally positive about their financial situations with consumer confidence reaching 100.7 percent in October 2017. Strong job growth and improved business conditions are also fueling consumer spending.

Rising confidence, increased spending

As consumer expectations and spending increase, so does borrowing. Credit inquiries increased by three million, to 176 million, in just six months.[2] Total household indebtedness reached $11.85 trillion, a 2 percent increase over the prior quarter.[3]

Consumer borrowing — led by automotive — is revving up

Since the recession, consumers have been very confident taking on more overall debt. Auto loans and leases produced record-setting volume. Revolving consumer credit outstanding — loans that are given as a line of credit to be used when the consumer needs them, like credit cards — is inching toward $1 trillion.[4]

In addition to their increased economic confidence, consumers are more trustful of nontraditional channels, i.e., digital, to purchase products and loans. These disruptors contribute to increased lending competition, propelling financial institutions to be more resourceful in identifying, targeting, and acquiring creditworthy consumers.

1 Consumers and the Economic Outlook – US – January 2018
2 Federal Reserve Bank of New York, *Household Debt and Credit Quarterly Report*, August 2015
3 Creditcards.com, *Household Debt Report: Credit Card Balances Highest Since 2010*, August 13, 2015
4 Consumer Attitudes toward Debt – US – November 2017

Making borrowing easier is more important than ever

As technology improves and access to data increases, so do customer expectations for superior, friction-free service. Financial institutions know the importance of being customer-centric. This year's trends show 61 percent of organizations rank it a top three, compared to 54 percent last year. The trend around the use and application of data also increased in importance from last year, with 57 percent placing it the top 3 for 2018, compared to 53 percent for 2017.[5] Better use and application of data, which strongly influences customer experience, also increased in importance from last year, with 57 percent of those surveyed placing this in the top 3 for 2018, compared to 53 percent in predictions for 2017.[6]

Why a holistic approach to marketing makes sense

To generate sustainable loan growth today, financial institutions must rethink how to communicate with potential borrowers. Today's consumer is more informed than ever with more lending options from which to choose. With the speed and convenience of digital and consumers now in the driver's seat when choosing their lenders, modern day financial markets must look beyond conventional, seasonal push-marketing tactics and focus on strategies that engage prospects and account holders and achieve lending goals. A great way to start is by redefining "potential borrower" as anyone who pre-qualifies for a loan, credit card, or other product with your financial institution, whether they are currently interested in borrowing or not, and engage them immediately and relevantly.

That's why a holistic loan marketing strategy — one that both actively reacts to individuals currently shopping for loans, as well as proactively creates interest among those who are not — makes so much sense in today's wide-open economic climate. An "always on" approach makes it possible to reach consumers in all stages of the decision-making process, increasing the likelihood of acquisition and sustained loan growth.

For example, actively responding to a credit inquiry will help you to stay engaged with current and potential new account holders. An offer made while a consumer is researching a product or service has far more relevance and saliency than one made outside the shopping window. Execute well on event-triggered marketing and you can expect your message to receive five times the response rate of non-targeted push messages.[7] Extending an offer while consumers are researching is highly cost effective. Selling to an existing account holder represents one-tenth the cost of acquiring a new account holder.[8]

[5] 2018 Retail Banking Trends and Predictions, Digital Banking Report
[6] Ibid.
[7] Gartner, Five Event-Triggered Marketing Steps Marketers Aren't Doing, February 5, 2013
[8] Harland Clarke Client Data, 2018

An **"always on" approach** makes it possible to reach consumers in all stages of the decision-making process, increasing the likelihood of acquisition and sustained loan growth.

Companies that execute well on event-triggered marketing can receive **5X the response rate** of non-targeted push messages

Conversely, proactively placing multi-product, recurring prescreened loan offers at the fingertips of pre-qualified loan candidates can instantly transform non-shoppers into borrowers. It delivers the ultimate friction-free consumer lending experience, while increasing the financial institution's loan volume, reducing loan acquisition costs, and streamlining loan processes. Give consumers easy access to multiple, preselected loan products and watch response rates and your total loan portfolio skyrocket.

A three-part holistic strategy for loan marketing success

1 Set up an alerts program to receive notification from multiple credit bureaus whenever a credit inquiry is submitted for your account holders.

Using all three credit bureaus is best, as it will provide 75 percent more coverage.[9] Sixty percent of all loan shoppers will commit to a loan within a week of a credit bureau inquiry.[10] Monitoring these inquiries and then countering with a quick, preapproved offer via the channel to which shoppers are most likely to respond — whether mail, email, or phone — will help you stay one step ahead of the competition and win market share.

2 Adopt a turnkey program that sends multiple loan offers for home equity, auto, credit card, personal, and other loans through multiple channels — online, direct mail, mobile, email, branch and phone — to account holders and prospects who meet specific underwriting criteria to access anytime, anywhere. Create seamless, convenient experiences. Put loan offers at consumers' fingertips to accept anytime,

[9] Ibid.
[10] Ibid.

3 anywhere. Quickly send offers via direct mail, email, and phone while they're shopping for loans. You will be creating quality customer experiences that can strengthen account holder loyalty, reduce attrition, and extend your brand.

In a perfect world, your account holders would never even think to inquire about a loan from a competing institution and you'd have the resources to get in front of every prospect. But economic and technological times have changed across multiple channels with myriad borrowing options now available. You can, however, effectively compete for your share of consumer loans with a three-part strategy that includes reactive alerts, proactive engagement, and quality customer experiences.

Related Resources:

Case Study: Shopper Alert™ Generates 14% Response Rate in 60 Days

Case Study: Shopper Alert Program Generates Millions in New Loans

Sales Sheet: Discover When Your Account Holders Are Shopping for Loans

Case Study: LoanEngine™ Creates "Marketing Rock Stars" at Hawaii State Federal Credit Union

Sales Sheet: Grow Loan Volume and ROI With Multi-Product, Recurring Prescreens

Out strategic, data-driven loan marketing programs are designed specifically for financial institutions.

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