



The Informed Banker
Speaker Series



Market Smarter, Not Harder

March 11, 2019

Presenters



Moderator

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Senior Strategy Director
Harland Clarke



Moderator

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Agenda

The Marketing Way

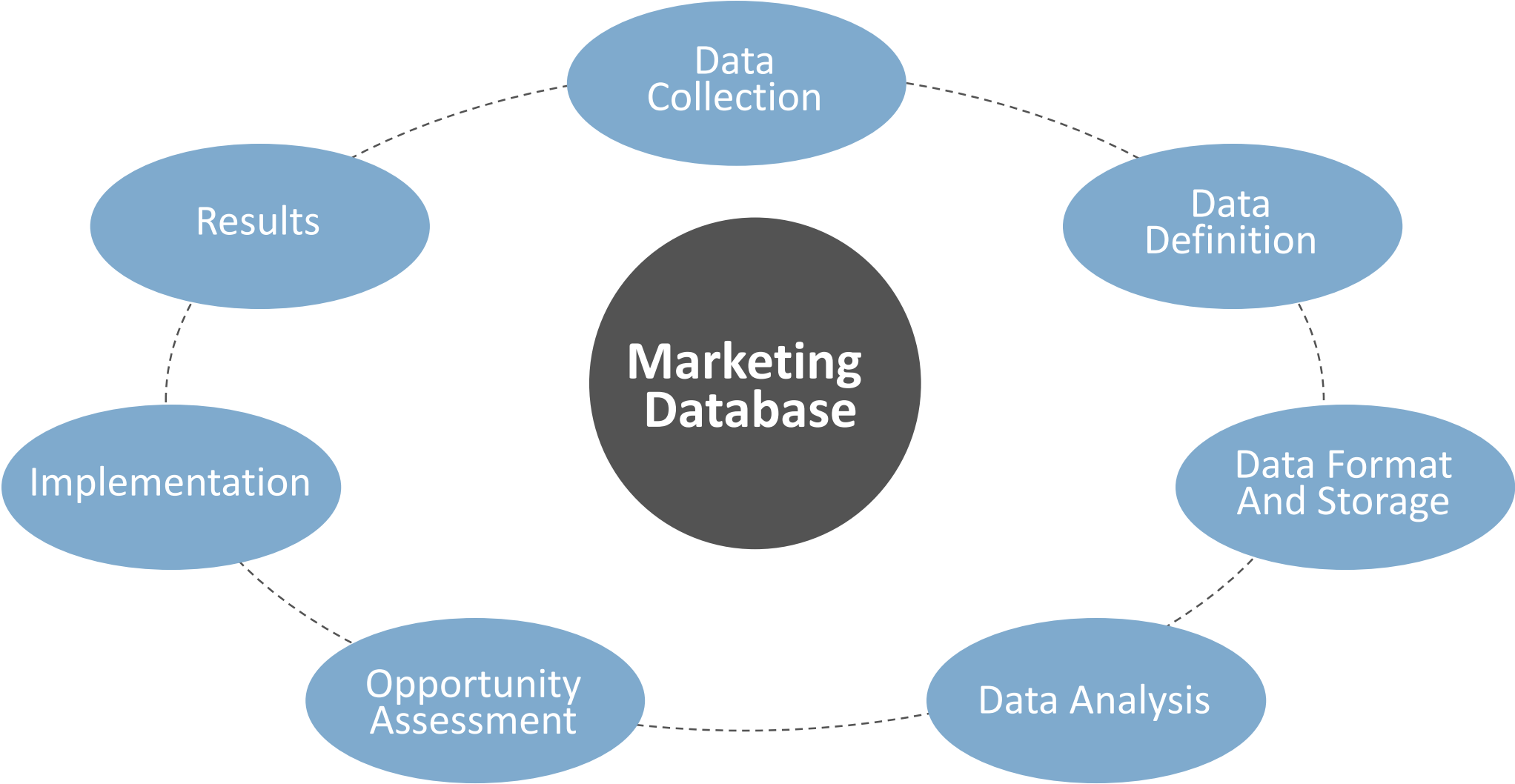
FIs Need And Want Data... But May Not Quite Be There

Using Data For Deeper Account Holder Relationships

Using Data For Account Holder Acquisition

The Marketing Way

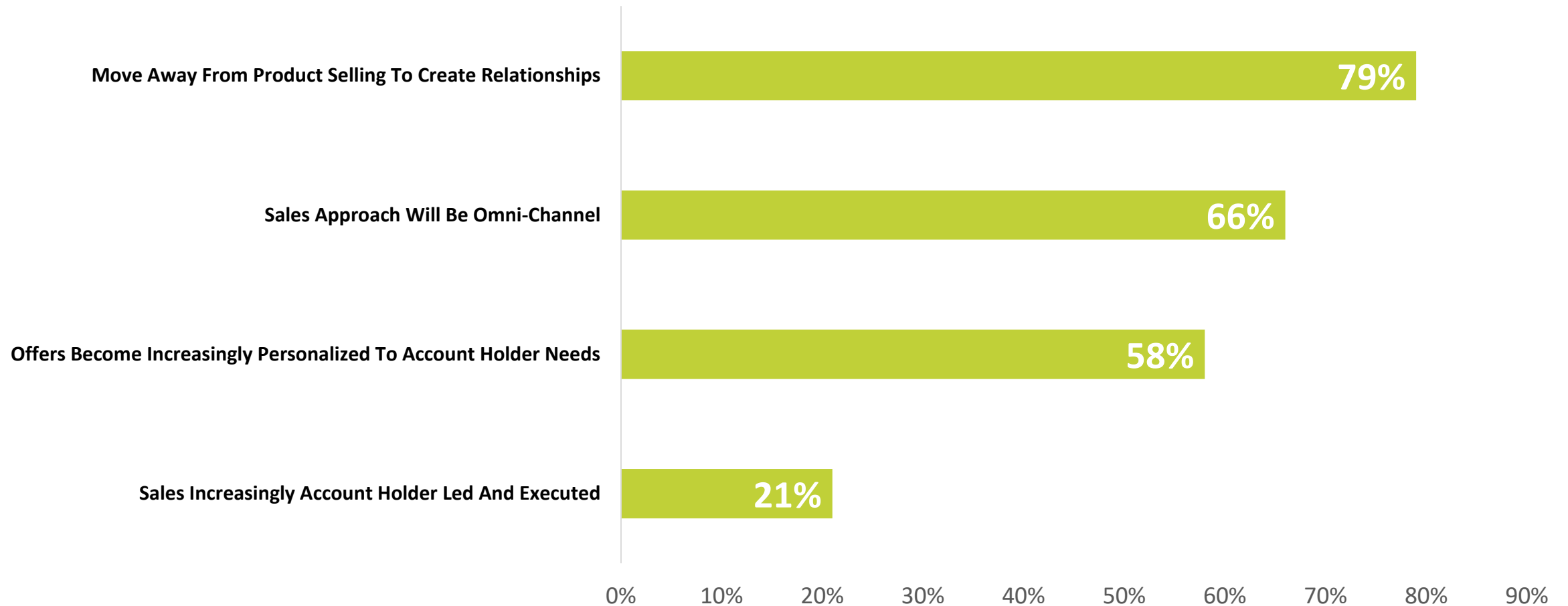
The Marketing Way



FIs Need And Want Data... But May Not Quite Be There

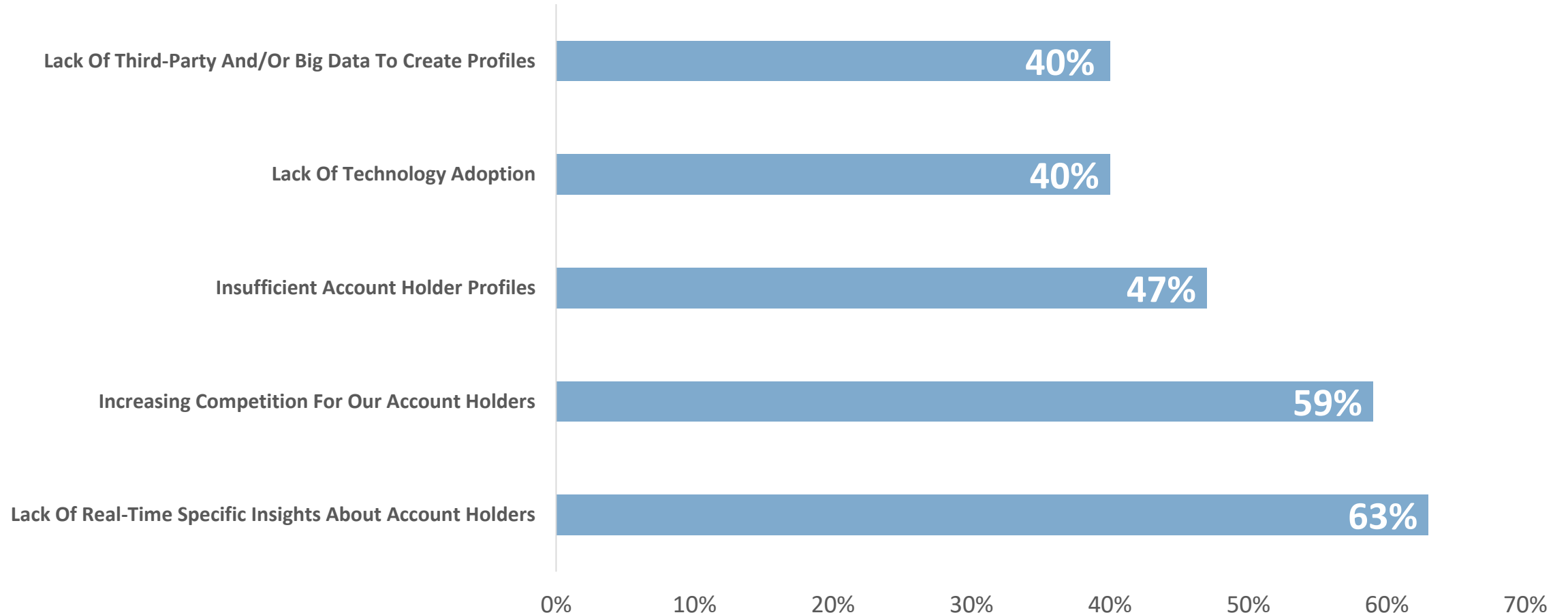
Banks And Credit Unions Need Data...

How FIs Sales Approach Will Change Over Next 5 Years



...But They Do Not Have Quite What They Need

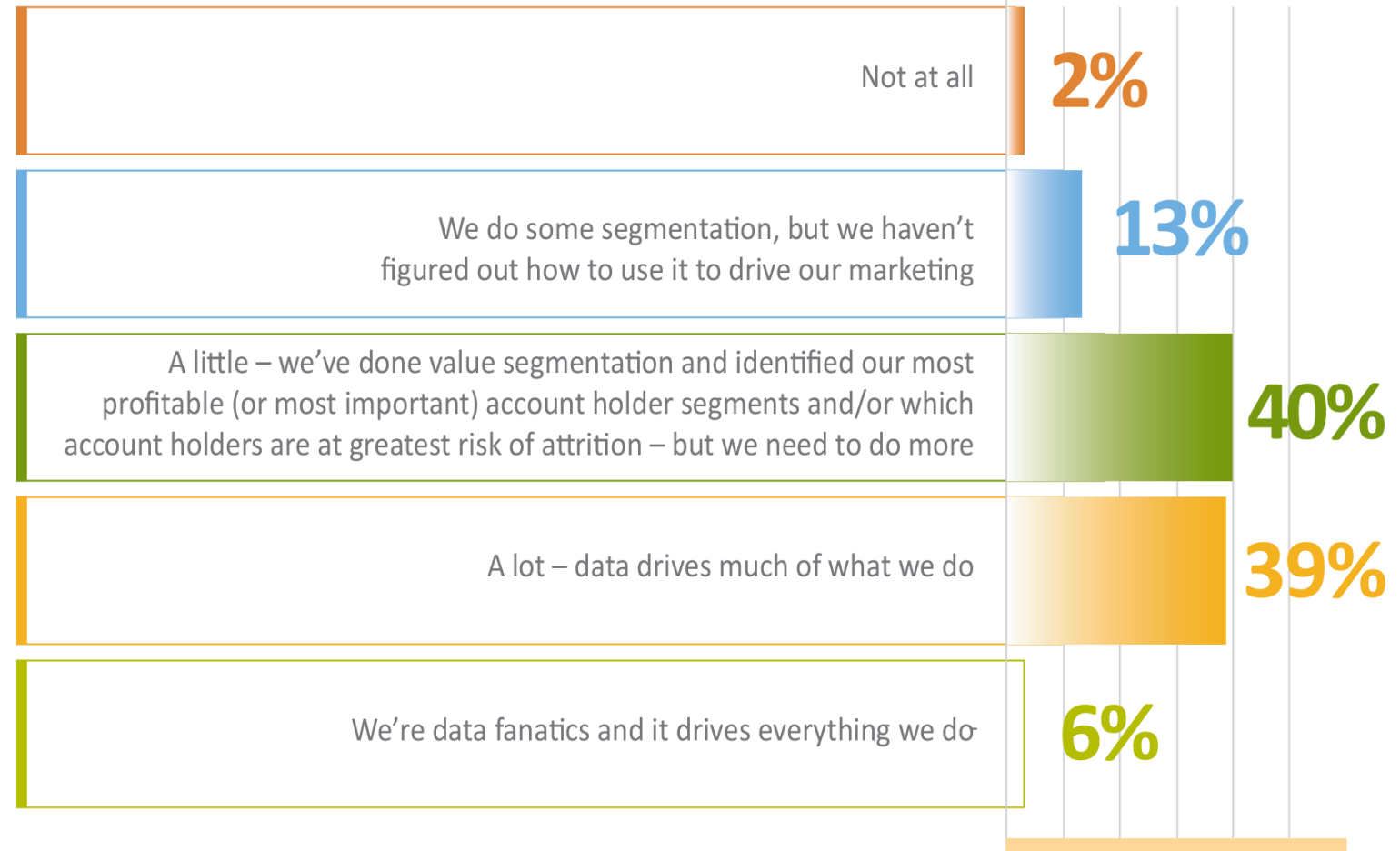
Sales Challenges For FIs Instituting Relationship-Based Sales



Data Usage Can Go Deeper

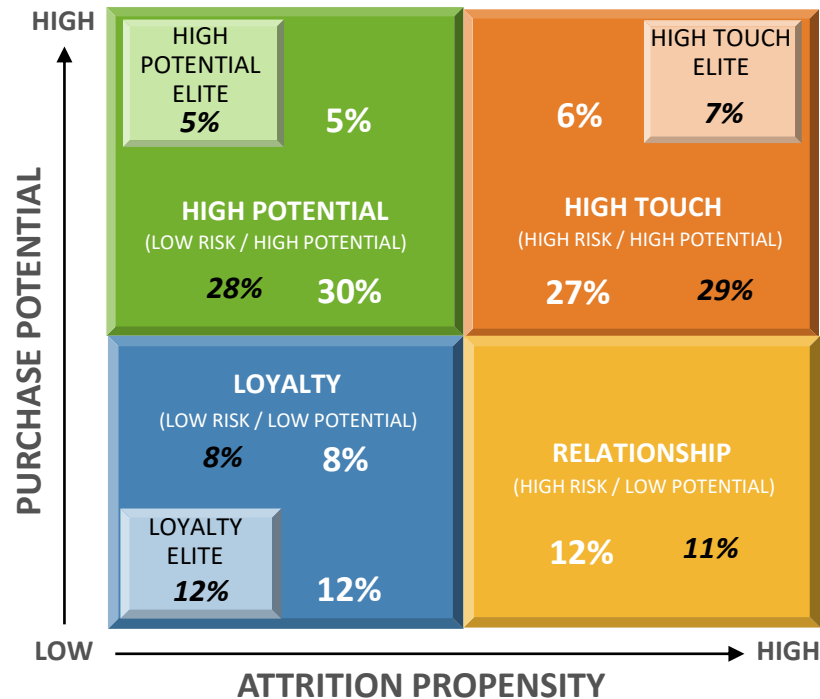
TO WHAT EXTENT DO YOU USE DATA AND ANALYTICS TO DRIVE YOUR MARKETING PLAN?

Most Banks and Credit Unions need help employing data



Using Data For Deeper Account Holder Relationships

Maximizing Account Holder Value: Customer Value Segments



White # represents the bank %
Black # represents benchmark average

Totals may not add up to 100% due to rounding

- The **High-Touch** segment has potential to be cross-sold, but is also at risk for attrition or diminishment of balances
- The **High Potential** segment is likely to purchase additional products, and attrition is much less of a concern
- The **Relationship** segment has a low likelihood of purchasing additional products, but is likely to attrite
- The **Loyalty** segment has a low propensity to purchase additional products, and you are not likely to lose the existing relationship
- **Elite** segments will be used to optimize channel and touch points. In the case of Bank's customer cross-sell initiatives, we will use the elite segments to provide call lists to Bank's call centers or individual stores

Account Holder Value Segment: High Touch

Size / Scope

number of households	36,200	
percentage of bank's households	27%	
percentage of all deposits and loans	19%	
average relationship	\$16,600	
average deposit relationship	\$14,300	
average loan relationship	\$23,300	
number of years with bank	6.3	(shortest)
average number of balance accts per hhd	1.7	
average number of all accts per hhd**	3.3	

Demographics

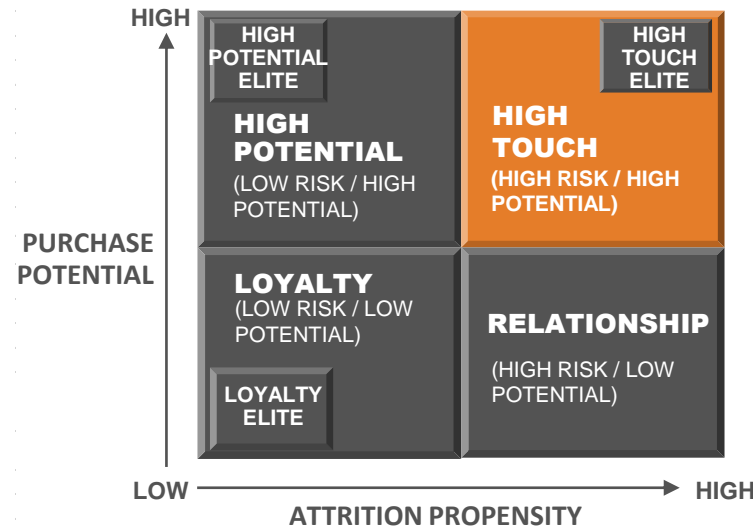
Age	50	(youngest)
Income	\$61,000	(lowest)
Home Ownership	53.6%	(lowest)

Product Usage

	% of hhlds in segment	average household balance
Deposits		
Checking	96%	\$8,900
Online Banking	68%	
Bill Pay	16%	
Debit Card	84%	
Savings	19%	\$11,500
Money Market	1.0%	\$164,700
CD	1.6%	\$102,400
IRA	0.4%	\$35,800
Investments	n/a	n/a
Loans		
Consumer Loan	3.2%	\$6,300
Auto Loan: Direct	4.9%	\$14,100
Auto Loan: Indirect	1.6%	\$19,100
Home Equity products	1.6%	\$67,900
Home Equity Loan	1.2%	\$70,200
Home Equity LOC	0.4%	\$60,500
Mortgage	2.7%	\$170,700

*total number of balance accts includes deposits, loans, investment, insurance, trust

**total number of all accts includes above plus online banking, bill pay, debit card, atm card, and safe deposit box



Summary

Given this is one of the bank's largest segment, success with these customers is critical. You may be leaving a lot of business untapped with this segment. Typically this is a risky segment. The segment certainly has financial needs, but its low accounts-per-household ratio is indicative that customers within this segment have financial products elsewhere.

This is a price-focused segment that has a short tenure with the bank. These customers are potentially spinners. That said, given their age, many can be very profitable members to the bank over time if sufficiently developed.

Look to increase overall wallet share. **At bank portfolio parity, the bank would generate an additional \$362 million in incremental deposits and loans.**

This segment has high percentage penetration for Checking Accounts. Ensure accounts are active and utilized.

At bank parity, another 360 Home Equity Loans and 1,100 mortgages may be attainable.

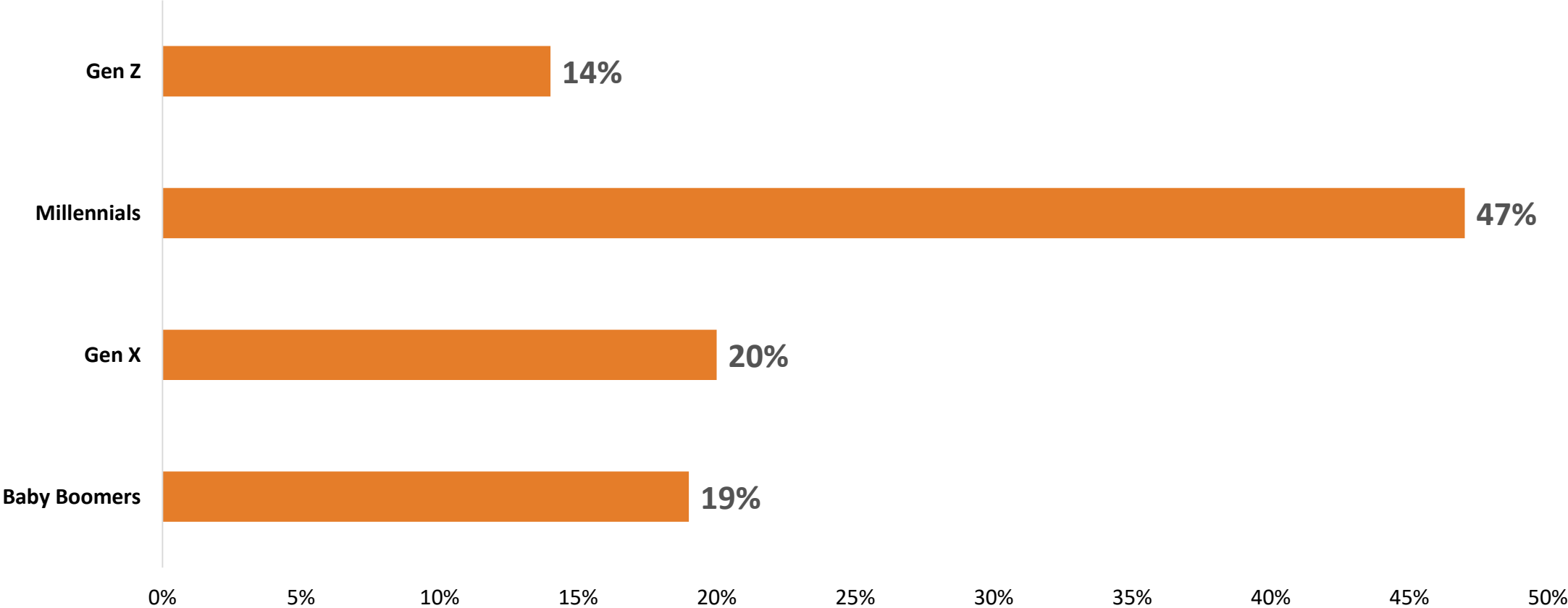
The Results Speak Volumes - Cross Sell Report

Campaigns:	- Checking Accounts and Mortgages	
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Measurement Period:	- August 21 – October 19	
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Quantity Mailed:	- 10,549	
Checking Account		- 3,487
Mortgage		- 7,062
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Accounts Opened:	- 393	
Checking Account		- 77
Mortgage		- 316
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Balances:	- \$8,122,362	
Checking Account		- \$1,053,194
Mortgage		- \$7,069,168
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Response Rate:	- 3.73%	
Checking Account		- 2.21%
Mortgage		- 4.47%
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Interest Income (3.95% NIM):	- \$320,833	
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ROMI:	- 16x investment	

Using Data For Account Holder Acquisition

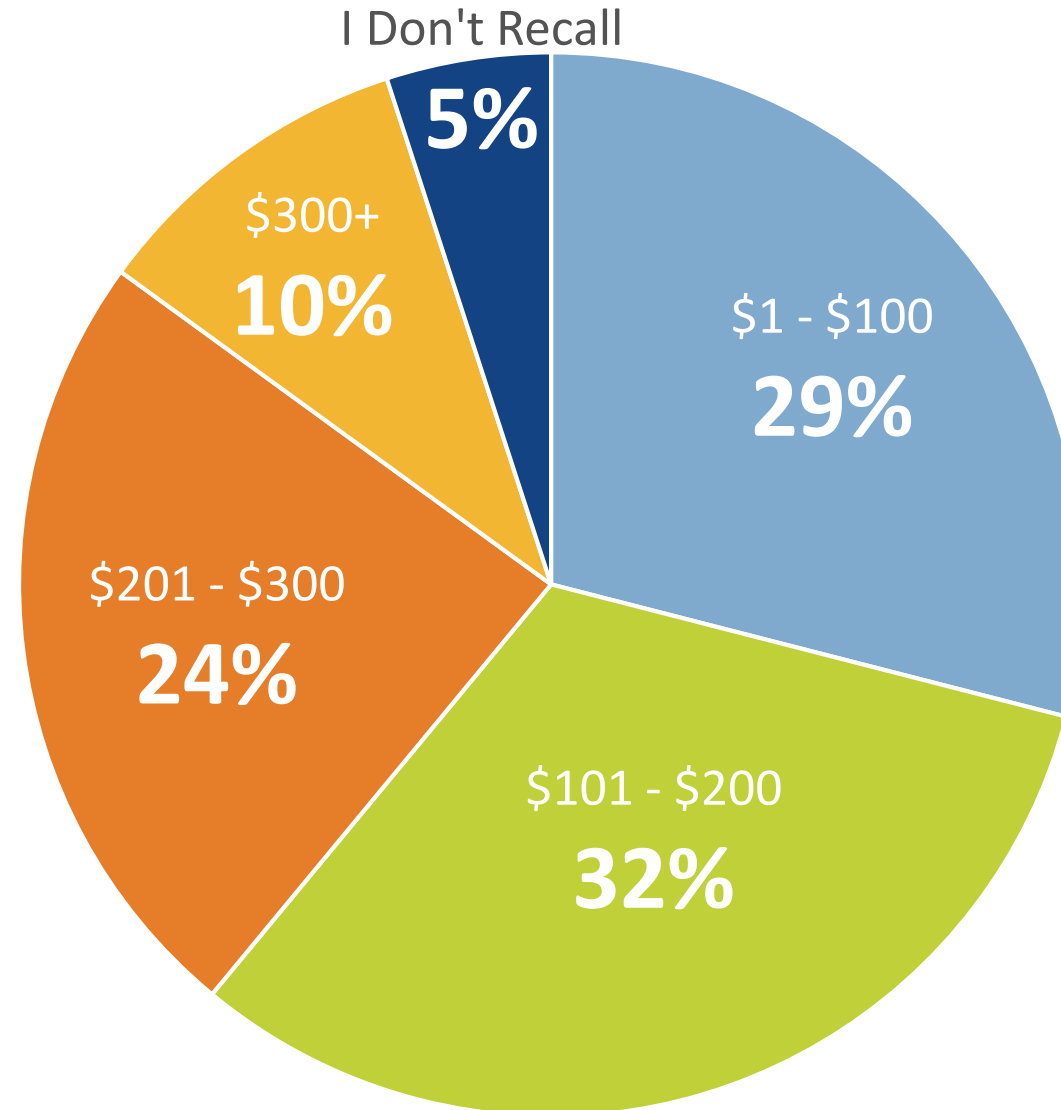
Younger Consumers Still Want Checking Accounts

Recent Purchasers Of Checking Accounts
(Opened A New Primary Checking Account In Last Three Years)



Cash Does Matter

Cash Incentive Amount



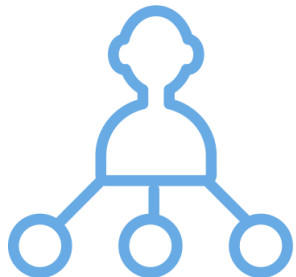
Targeting Process - Summary

The distributional profile analysis attempts to compare the statistically relevant finding of one demographic segment – the target segment – relative to the population as whole – the footprint segment.



Analysis Target Segment

PCRs of statistically significant out-performance (i.e. deeper checking penetration)



Analysis Footprint/Baseline Segment

All other PCRs within the footprint

Executive Summary of Results

Consumer areas closer to branches are more likely to be checking customers

Consumer areas with a median income less than \$71K are more likely to be checking customers

Consumer areas with a median net worth between \$30K and \$134K are more likely to be checking customers

Consumer areas with a median head of household age greater than 52 years old are more likely to be checking customers

Consumer areas with a high school educated population greater than 17% are more likely to be checking customers

Consumer areas with a 5 year home-growth rate less than 8% are more likely to be checking customers

The Results Speak Volumes – Checking Account Acquisition

	Drop 1 2015	Drop 2 2015	Drop 1 2016	Drop 2 2016	Drop 1 2017	Drop 2 2017	Drop 3 2017	Drop 4 2017	Drop 1 2018	Drop 2 2018
HHs Mailed	94,984	94,297	105,344	105,874	106,581	101,769	101,206	100,861	88,226	87,048
Checking Accounts Opened	192	937	536	750	856	995	726	912	949	902
Checking Account Response Rate	.24%	.99%	.51%	.71%	.80%	.98%	.72%	.90%	1.08%	1.04%
Cost Per Checking Account	\$310.48	\$52.16	\$112.66	\$68.18	\$59.41	\$48.13	\$61.33	\$48.10	\$43.31	\$44.88
HH Response Rate	.66%	1.71%	.81%	1.22%	1.31%	1.53%	1.13%	1.36%	1.68%	1.54%
Cost Per HH Response	\$95.23	\$30.24	\$70.71	\$39.61	\$36.56	\$30.78	\$38.82	\$31.98	\$32.16	\$34.54
Obtained Balances	-	-	\$13,417,593	\$22,062,301	\$30,806,887	\$15,438,460	\$11,203,453	\$14,752,489	\$12,876,514	\$14,404,485
ROMI	297%	381%	400%	700%	955%	1,064%	812%	1,118%	995%	1,187%
Net Contribution	\$229,676	\$489,455	\$348,367	\$620,588	\$894,250	\$557,530	\$406,044	\$534,196	\$450,167	\$521,009

Q&A Wrap Up



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Type your question in the chat panel 

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

The content for this presentation was created by Christine Ahlgren and Stephen Nikitas. The views and opinions expressed herein are those of the author, Christine Ahlgren and Stephen Nikitas, and do not necessarily reflect those of Harland Clarke.

Thank You