


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. 



What's Trending in Lending 2019

Actionable Strategies for Success

April 4, 2019

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Today's Speakers



Stephenie Williams

Executive Director
Acquisition Solutions

- More than 20 years direct marketing experience in retail and financial services
- Specializes in helping clients understand and maximize the value of their loan portfolio
- CRM- and ROI-focused skillset



Marc Meoli

Senior Sales Engineer
Lending Solutions

- More than 25 years of experience working with financial institutions
- Keen understanding of industry trends, the impact of technology and need for data driven strategies
- Focused on identifying and implementing marketing solutions that meet retail loan growth and strategic goals

Agenda

Current Lending Environment

Home Lending Trends

Auto Lending Landscape

The Digital Experience

What It Means for Financial Institutions

Action Items for Success

Current Lending Environment

U.S. Credit Card Debt Is at an All-Time High

Contributing Factors:

- 5.3% quarter-over-quarter increase in national median price of an existing home¹
- S&P 500 Index gained 11.1% in Jan-Feb 2019 — history's fifth biggest gain to start year²

Americans carrying month-to-month credit card debt

70M⁴

\$1.03 Trillion³

revolving balances as of January 2019

\$113B⁵

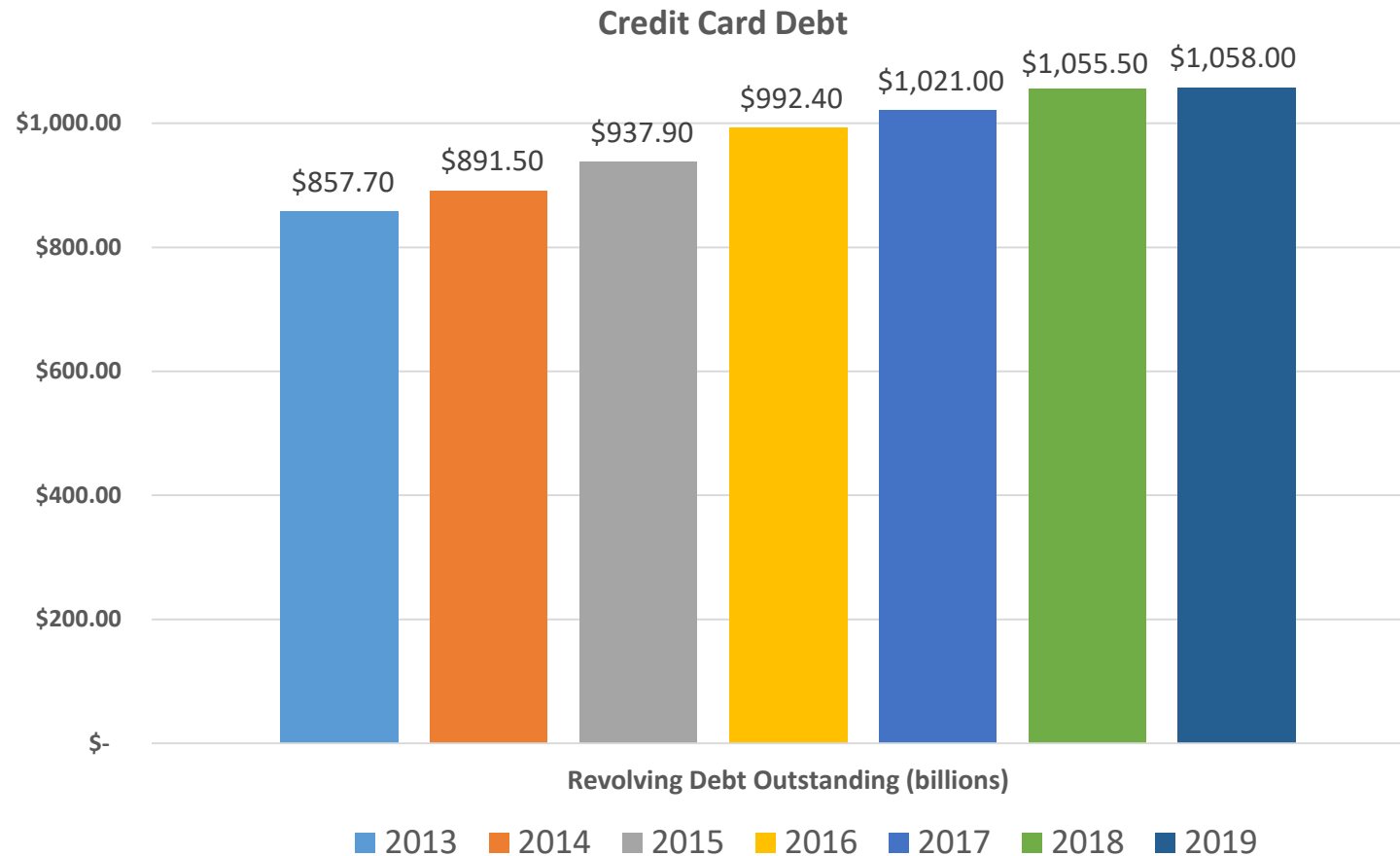
credit card interest paid in 2019

¹ National Association of Realtors

² Gunzberg, Jodie, "S&P 500 Posts 5th Best Start In First 2 Months," Seeking Alpha, March 1, 2019

^{3,4,5} magnifymoney, "Average U.S. Credit Card Debt in 2019," March 26, 2019

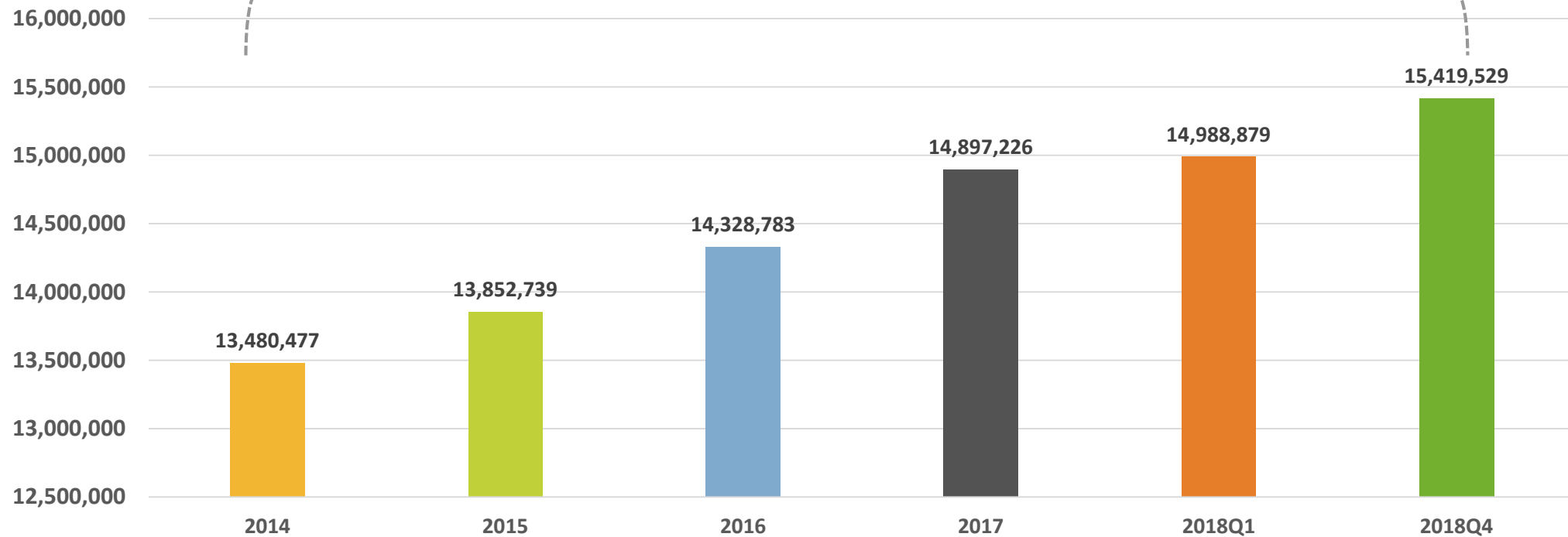
Credit Card Debt Reaches Record High



Mortgage Debt Trends

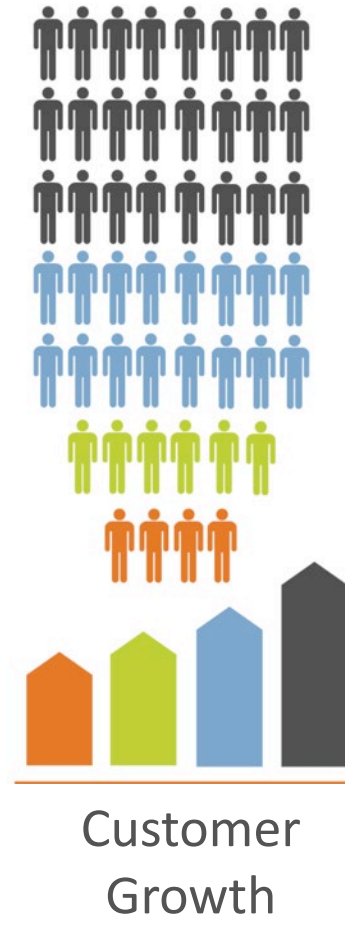
US Mortgage Debt
(In Millions of Dollars)

14.3%
Increase
over 4
years



What This Means for Financial Institutions

The current lending boom offers a rare opportunity to acquire customers faster and increase balances



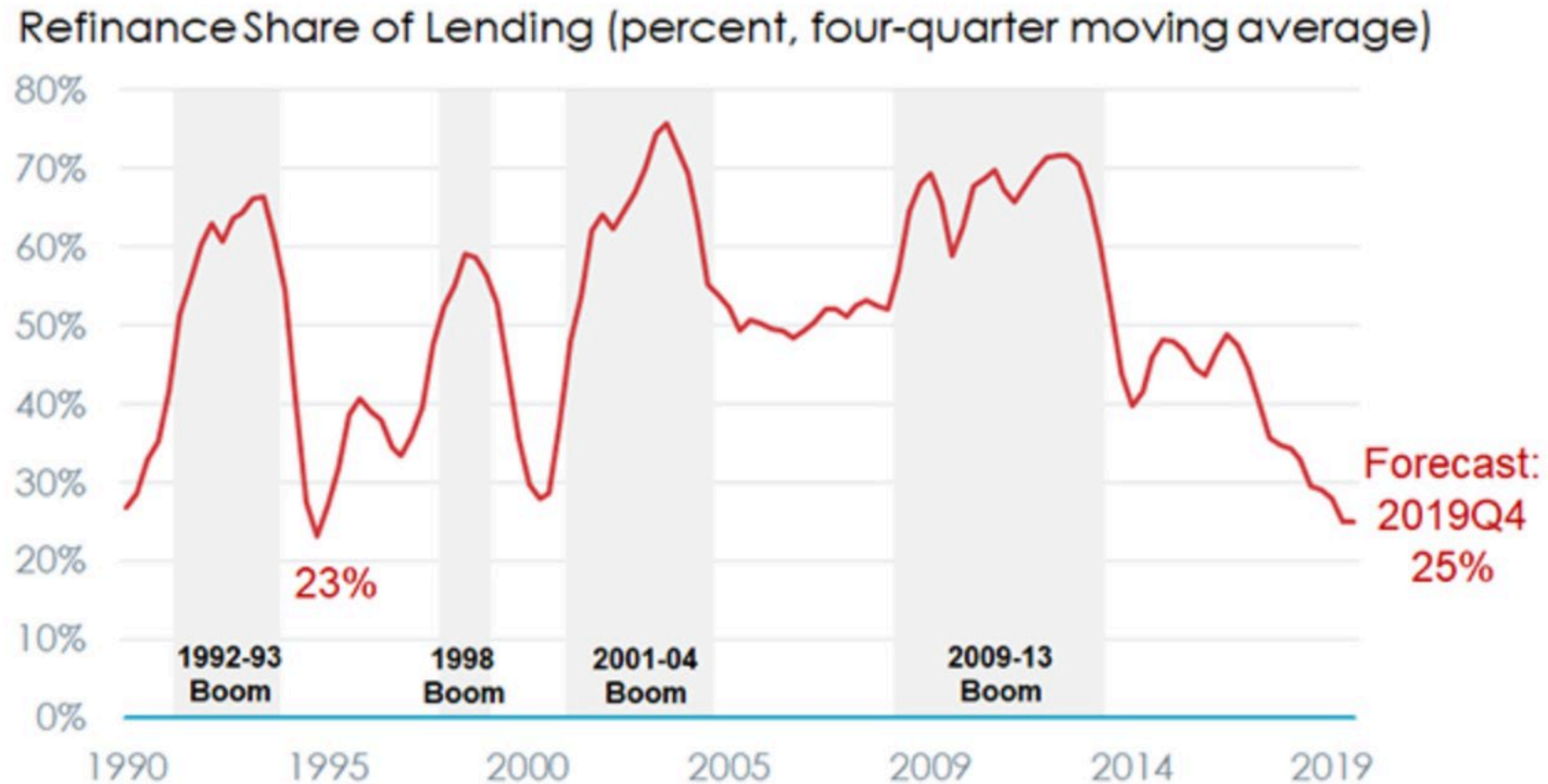
Action Items for Success

- ✓ Consumers are dealing with the pain of growing monthly payments – seeking relief
- ✓ Focus lending offers on the benefit of lowering or managing monthly payments
- ✓ Focus products with fixed and lower rates
 - Home Equity Lines of Credit (HELOCs)
 - Low-rate credit cards
 - Debt consolidation
 - Balance transfers



Home Lending Trends

Refinance Mortgages Projected to Fall to 25-Year Low



Residential Mortgage Macroeconomics

4.44%*

average interest rate for 30-yr fixed-rate mortgage
— highest since Jan. 2014

2.1%**

projected rate of increase in new housing sales
for 2019

2.5%***

increase in average home price from 2018

* Campisi, Natalie, "National mortgage rates continue to slide as Fed sees no rate increases in 2019," Bankrate.com, March 21, 2019

** "[Good Outlook for Housing in 2019](#)," Kiplinger.com




*** Lewis, Holden, "9 Housing and Mortgage Trends to Watch for in 2019," December 18, 2018

What This Means for Financial Institutions

- Act now to expand relationships with customers and engage prospects
- Consumers who utilized mortgage refinance will be seeking low-cost financing alternatives
- Mortgage prospects have migrated to home buyers – many will need education on the process



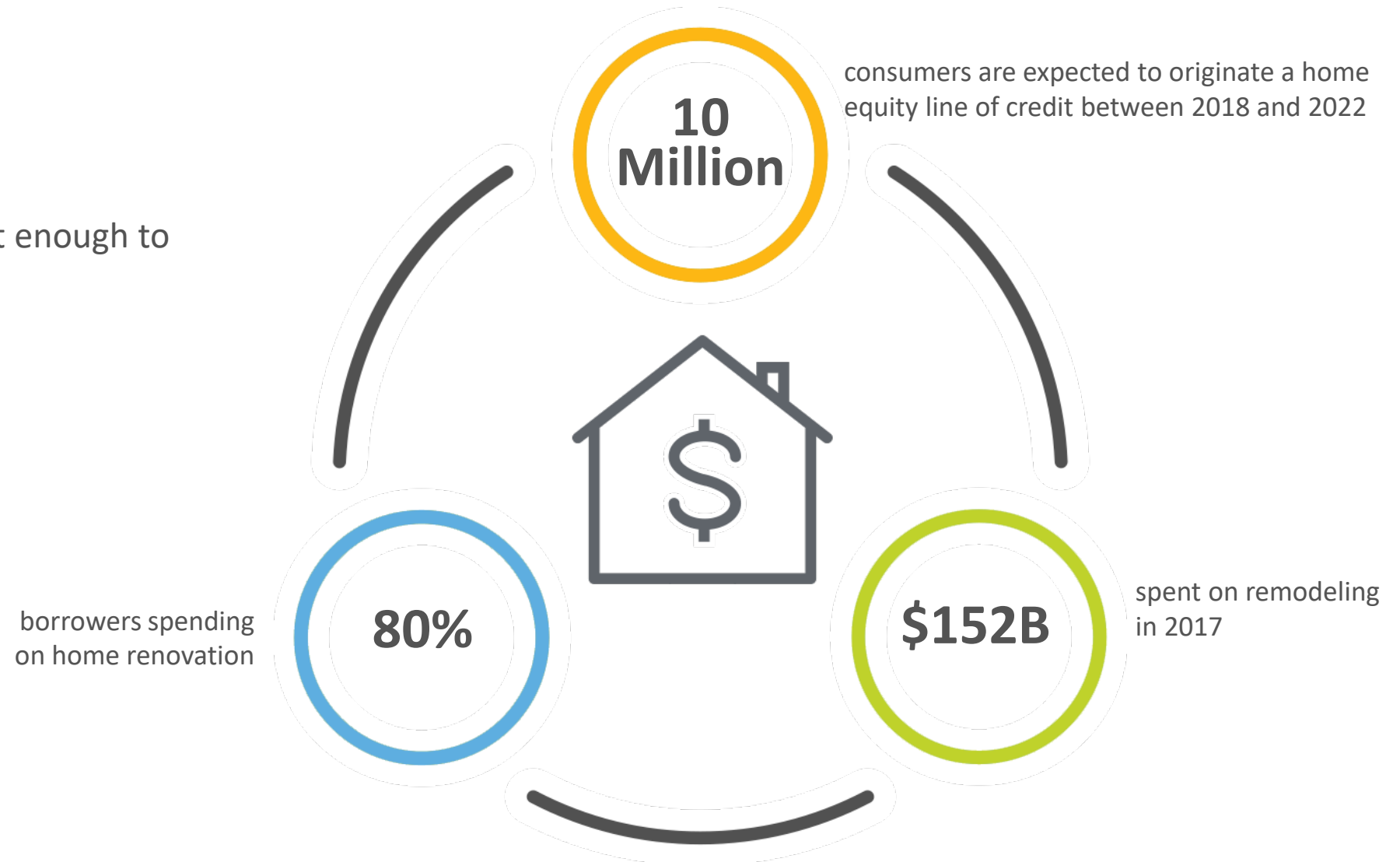
Action Items for Success

-  Educate customers on mortgage offerings to capture origination volume
-  Continue to engage with referral sources to capture available purchase volume
-  Are your mortgage loan officers hosting home buying seminars?

Credit Card-Funded Home Renovations Are Increasing

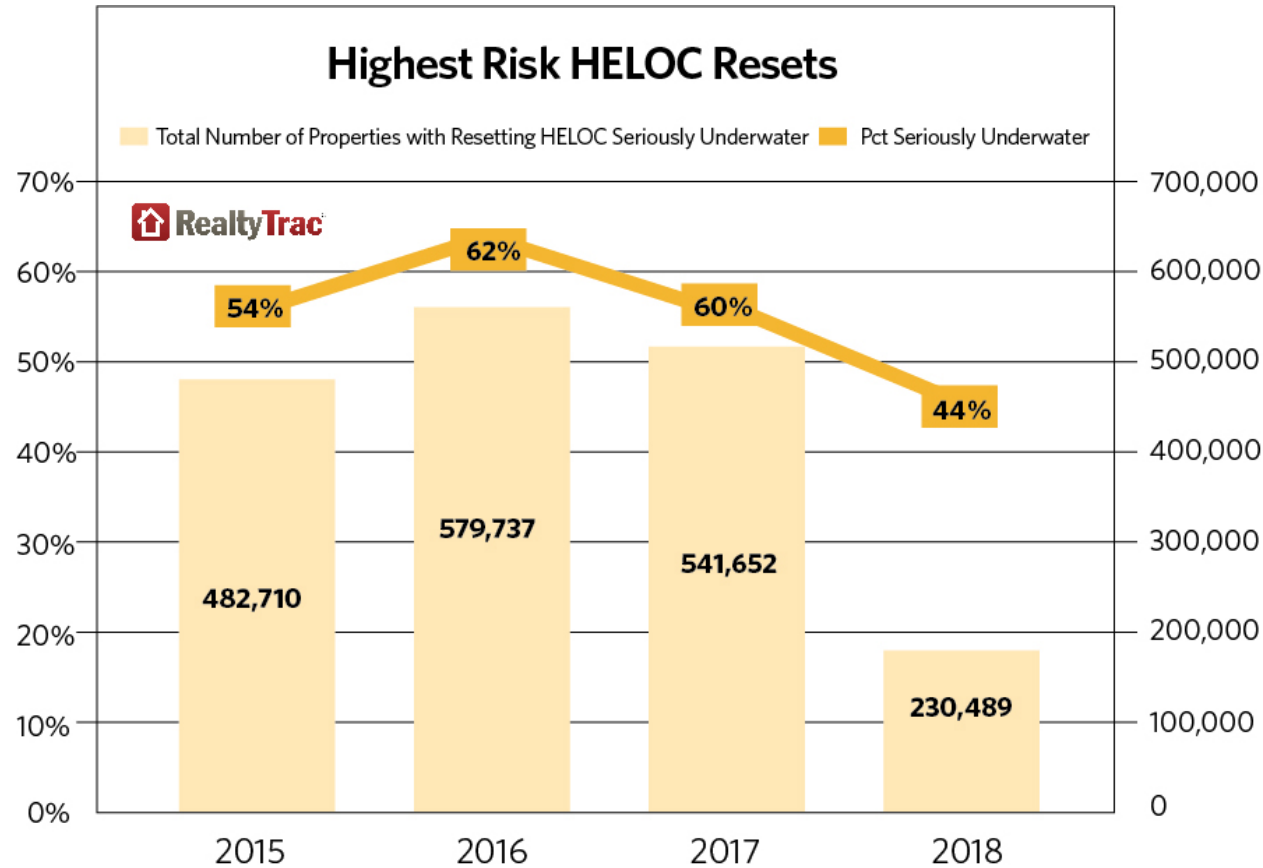
Contributing Factors:

- Older housing stock
- New construction not enough to meet demand



Broader Home Equity Market





HELOCs End-of-Draw Period: The Beginning of the Next Mortgage Opportunity?



What This Means for Financial Institutions

- Home equity products will remain viable in 2019
- Consumers who refinanced during historical low-rate environment need an alternative funding source as they are reluctant to give up their low-rate first mortgages
- Increased consumer awareness of available home equity and loan options
- Increased consumer responsiveness to HELOC affordability
- Consumers will seek HELOCs that offer fixed-rate term-out functionality
- Borrowers with HELOCs converting to payout are seeking payment relief — consider closed-end home equity offers

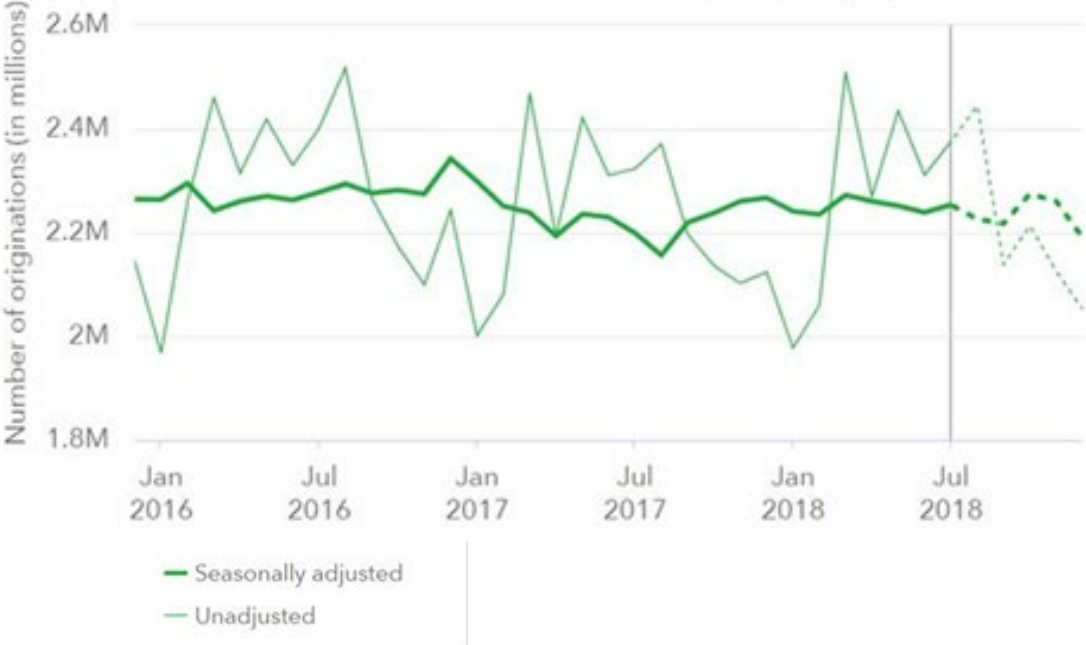
Action Items for Success

-  Revisit current home equity offerings
-  Consider increasing fixed-rate options for stability
-  Consider increasing term options for added flexibility
-  Improve product visibility through increased marketing

Auto Lending Landscape

Auto Loan Market Volatility

Number of Monthly Auto Loan Originations



United States Auto Loan Originations

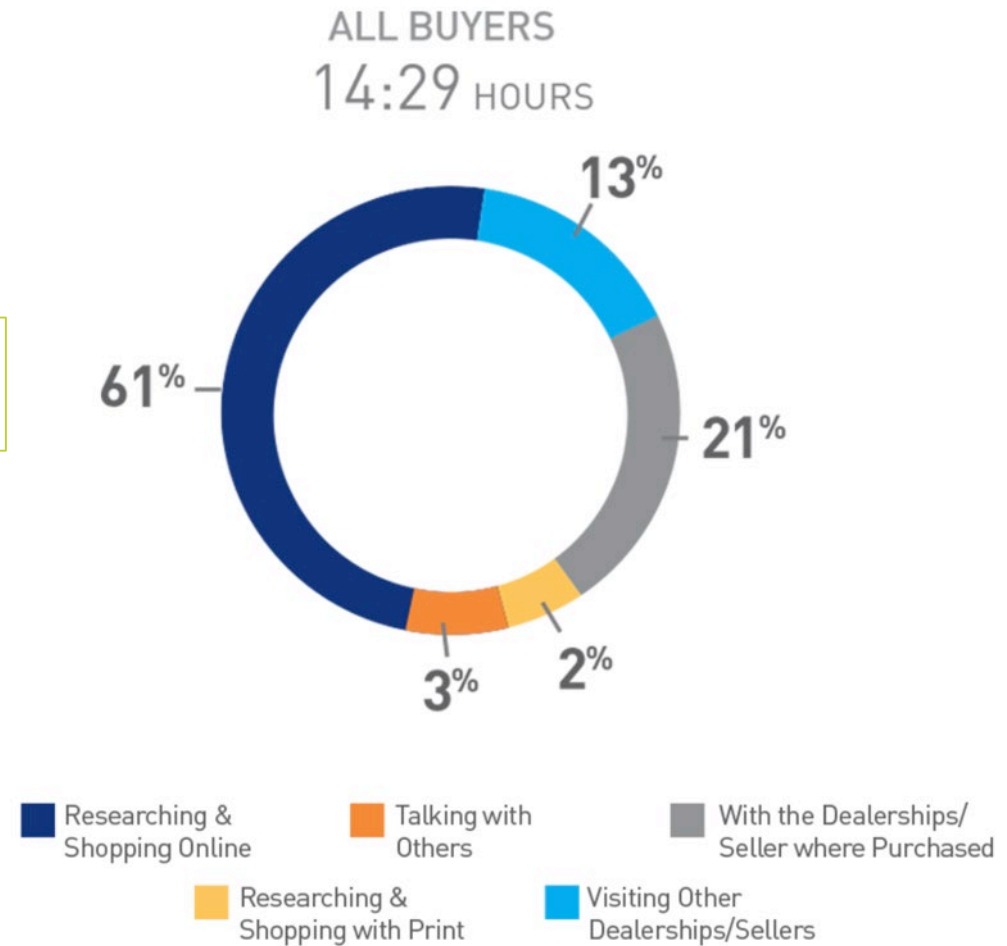


Source: "Consumer Credit Trends," Consumer Financial Protection Bureau.

Source: Tradingeconomics.com, Autodata Corporation

Car Buyers Spend 60% of Their Time Online

TIME SPENT SHOPPING/BUYING A VEHICLE







What This Means for Financial Institutions

- Core lending source is fading
- Need to increase customer acquisition to offset fading relationships with auto dealers
- Need to maximize cross-sell and engagement of current customers



Action Items for Success

-  Promote household and deposit acquisition campaigns
-  Continuously cross-sell loan products to customers
-  Invest in a highly personalized, trigger-based loan acquisition solution that reaches customers and prospects while they're shopping for a loan
-  Utilize an “always-on” turnkey marketing style that boosts engagement, delights customers, and increases loan volume



The Digital Experience

Digital Lending

What you need to know:

Digital end-to-end mortgages are becoming differentiators



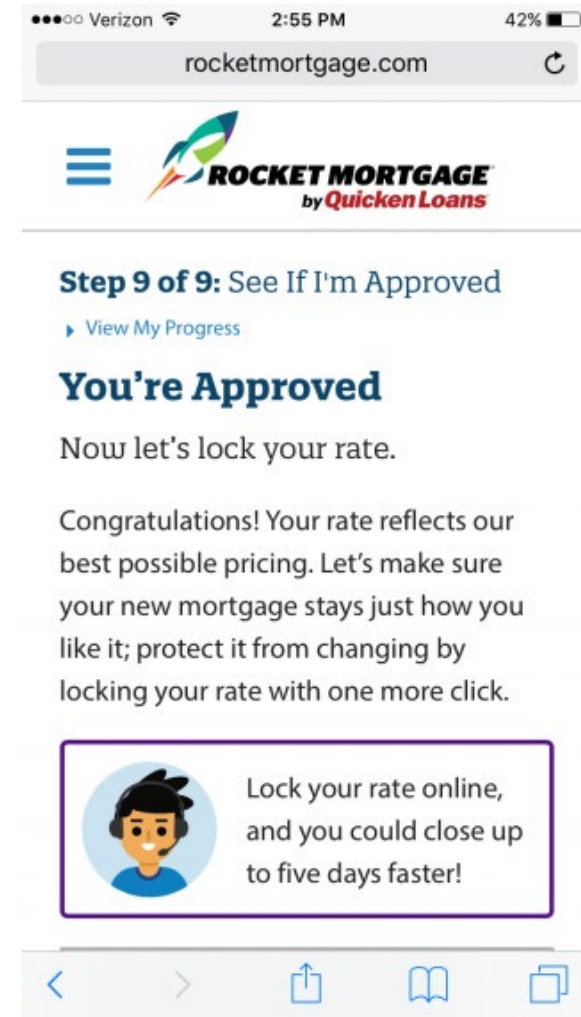
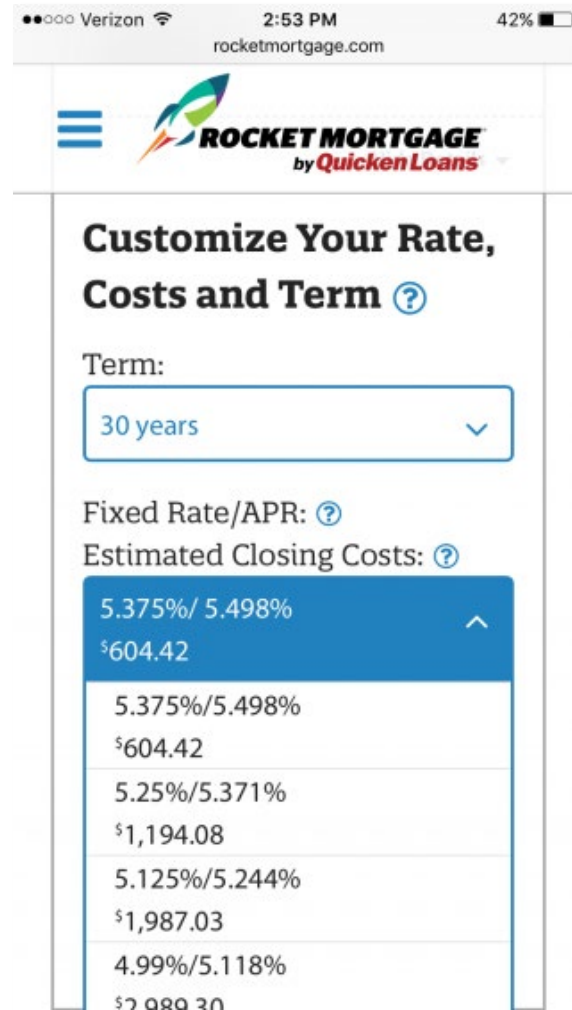
Fintech lenders are making loan education and the application process “simple”



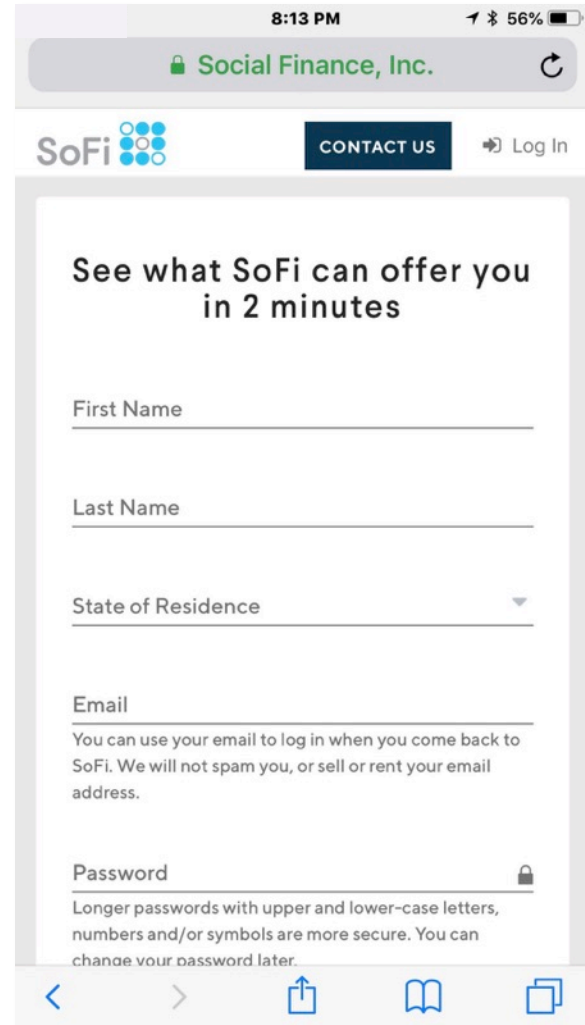
Traditional auto financing is being transformed by new models of mobility



Mortgage Application Revolution



Ease of Fintech Borrowing



8:13 PM 56%

Social Finance, Inc.

SoFi CONTACT US Log In

See what SoFi can offer you in 2 minutes

First Name

Last Name

State of Residence

Email
You can use your email to log in when you come back to SoFi. We will not spam you, or sell or rent your email address.

Password
Longer passwords with upper and lower-case letters, numbers and/or symbols are more secure. You can change your password later.



8:14 PM 55%

Goldman Sachs Bank USA

Marcus:
BY GOLDMAN SACHS

See your loan options in as little as 5 minutes.

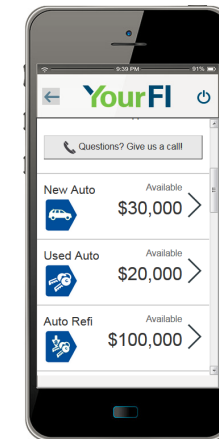
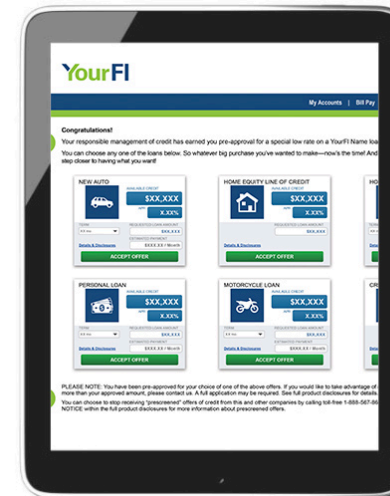
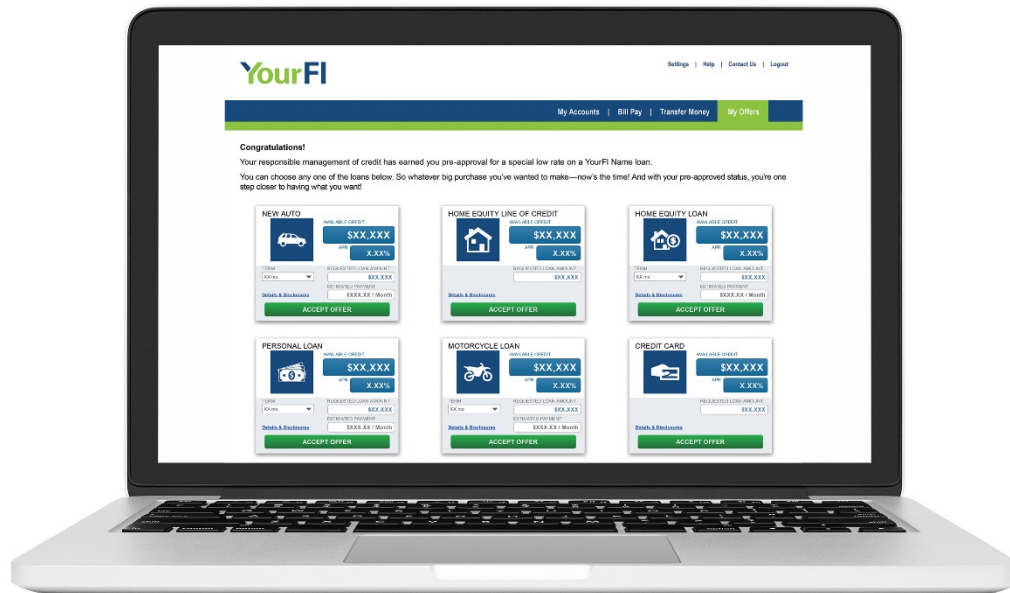
Marcus by Goldman Sachs® offers a fixed-rate, no-fee personal loan with a monthly payment option tailored for you.

Seeing your loan options won't affect your credit score.




Enter invitation code

What This Means for Financial Institutions

- Need to examine the user experience for mortgage and all lending products
- Importance of educating customers about their loan options



Action Items for Success

-  Audit the loan application and origination experience for your customers
-  Develop proactive pre-approval lending plan to enhance customer awareness
-  Offer loan education to customers reinforcing primary financial institution status

Type your question in the questions panel 

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Executive Director, Acquisition Solutions

Marc Meoli

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