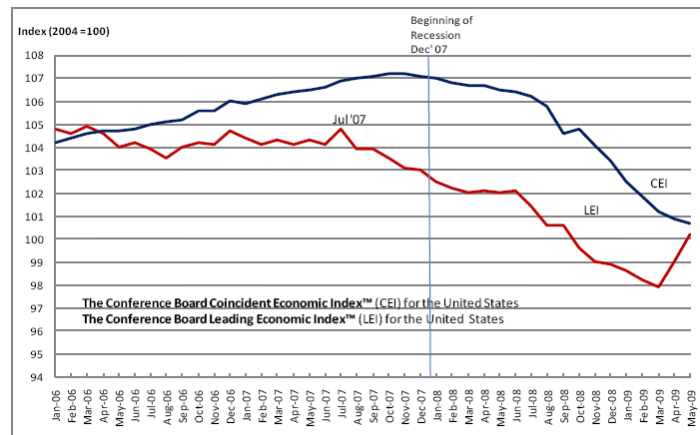


Quick Deposit Acquisition Strategies to Meet Your Annual Goals

In the June Strategic Update, we discussed the increased inflow of deposits due to the expanded FDIC insurance and stock market fears. While deposit balances are still on the rise, meeting new checking account goals remains a challenge for many financial institutions. Just the other day, during a call with one of our prospective clients, they stated that they were only 43% of the way toward meeting their annual checking goal, which started January 1st, 2009. This is just one example we've seen of banks and credit unions feeling pressure in achieving account level goals.



Source: conference-board.org

Financial institutions' appetites for deposits remain very strong in the marketplace and the competition is quite fierce. Signs of the economic recovery are present; for instance, the consumer confidence leading index during the last several months has improved. However, consumers remain cautious and continue to seek stable financial institutions for their new accounts and deposit dollars.

So, what's the Opportunity/Challenge?

Successful checking acquisition programs rely on cross-sell to existing account holders as an important component. But relying solely on cross-selling to meet stated goals is not realistic. Gaining account and balance growth through new acquisition of branches or other institutions is possible, but is not efficient and can lead to unwanted household attrition. There's a necessary balancing act between leveraging your existing account holders to build the checking portfolio and supplementing your acquisition efforts with prospects.

New account growth via prospecting can be a challenging endeavor. But when a strategically driven analytical approach is used, favorable results can be achieved in a timely fashion. Utilizing a pure saturation strategy to acquire new households can be effective in gaining accounts. However, the type of households gained by this approach may not achieve profitability or future account growth targets. Plus, average deposit balances on accounts acquired via saturation are typically low.

Proven deposit acquisition methods using your existing customer data can be developed and implemented quickly to get closer to annual deposit goals.

Solutions for Quick Account Goal Catch-Up

Key levers to pull to ramp up deposit acquisition efforts:

- **Define the Right Footprint:** Proximity is an important component for a successful deposit acquisition campaign. Knowing where your current account holders reside in

proximity to your financial centers will help to hone prospect targeting. Using your existing checking account holders, assigned to each financial center, can provide key information that can quickly be analyzed to develop customized trade areas to define the right footprint.

- **Maximize Your Existing “Best” Customers:** When utilizing targeted direct mail to grow deposits, it’s important to ensure every mail piece is designed to maximize the deposits you do capture, not just the number of new accounts acquired. By using account holder data from the most profitable existing deposit households, sophisticated profiles and processes can be developed to identify prospects that have the propensity to bring large account balances to the financial institution and even be less likely to attrite over time. This process can also assist in determining the product to promote to certain audiences.
- **Leverage the Relationship of a Great List Provider:** Obtaining prospect names must be accomplished carefully in order to identify the right records in a cost effective manner. Multi-sourced, compiled prospect databases are the most comprehensive sources of prospect names. With a multi-sourced list, more prospect records are available in tight proximity to a branch location; a single sourced file does not provide this same perspective. Gaining a net name arrangement with your list provider is highly advantageous. Thousands of records can be manipulated to target the best prospects, while the client only pays for those names that are actually mailed. Our clients maximize this type of cost effective list arrangement on all their prospecting campaigns.
- **Establish Offers that Provide Incentive to Respond and Activate:** Following audience selection, having a strong offering is the second most important element of a successful direct marketing campaign. The offer should be relevant to the promotion, easy to understand and provide the necessary “wow-factor” for the consumer to be able to answer the question “what’s in it for me.” In today’s market, it’s important that the offer not only provides motivation to respond, but it must help encourage engagement of the new product or service. Getting new accounts is the objective, but having dormant new accounts does not lead to productive relationships.
- **Weave Stability Into the Creative Message:** The creative package and copy must capitalize on the foundation already developed for finding the right target audience and the right offer. It’s necessary to have a relevant message to break through the clutter. Brand messaging is key to ensure that the financial institution’s “look and feel” is positioned consistently in the market. Package design and copy development should be carefully crafted with the target audience in mind. In today’s economic environment, it’s still important to ensure consumers that a product offering is being sent from a respected and solid financial institution. In a recent study done by Lippincott, worldwide brand and identity consultants, 47 percent of consumers surveyed stated the reason for switching banks was to seek stronger financial stability.

Achieving account growth and goals in the current marketplace remains challenging. However, there are successful marketing tactics that can be developed and deployed quickly to build accounts and balances. Harland Clarke Marketing Services has successfully implemented several of these tactics for our clients.

To learn more about quickly deploying an acquisition strategy to meet your deposit account goals contact your Harland Clarke Representative today or call our toll free number, 1.866.609.8609.