The financial services industry has been keeping close tabs on several developments related to the overdraft protection services institutions offer their account holders. In mid-November, the Federal Reserve issued final rules that prohibit financial institutions from charging fees for paying overdrafts on ATM and one-time debit card transactions unless the consumer “opts in” to overdraft protection for those types of transactions. Before opting in, the consumer must be provided with a notice that explains the institution’s overdraft services, including the fees associated with the service, and the consumer’s choices. The final ruling becomes effective July 1, 2010.

In addition, at press time, two bills were winding their way through Congress. The proposed legislation is intended to make it easier for consumers to avoid overdraft fees, which have increased in frequency mostly due to the soaring popularity of debit cards.

“Overdraft charges are one of the few types of deposit account fees remaining in a world that has largely shifted to free checking and related account services,” says Diane Merrifield, principal of Minneapolis-based MindBridge Marketing LLC. Yet the fact is that the vast majority of consumers rarely incur overdrafts. According to a recent survey conducted by the American Bankers Association, 82 percent of bank customers did not pay an overdraft fee in the previous 12 months.
Thriving in 2010 and Beyond

As the U.S. economy moves slowly toward recovery, the effects of the downturn are still being felt from Main Street to Wall Street. While acknowledging the challenges that exist, the team at Harland Clarke is looking forward and placing our attention on what we feel is the solution.

For us, that means we are focused not only on working collaboratively with you toward your success, but also providing the opportunities that help make that possible. And our definition of success is not that your financial institution simply survives the downturn; it is that your organization thrives during it, and beyond.

We believe thriving is indeed possible, and this issue of Delivering Value illustrates some of the ways that can be achieved. Our cover story delves into back-to-basics banking and how to nurture trust-based relationships with account holders — particularly as legislation related to overdraft protection services works its way through Congress amid widespread media attention. Business owners have a lot on their minds, and our small-business feature reveals not only what members of this profitable marketing segment are thinking, but also what they want and need in terms of service and tools to run their businesses.

If you’ve been looking for ways to increase organic growth, you’ll learn how taking action with cross-sell programs now can pay off with existing account holders in this tough economy. You’ll also find a way to tap into a market that currently is experiencing exponential growth — prepaid cards — and lay the groundwork for long-term relationships with prospective account holders. And in our article about Frost Bank, a $16 billion bank in Texas, you’ll discover what a successful and collaborative partnership between Harland Clarke and one of our financial institution clients looks like.

You’ll also read about two recent Harland Clarke acquisitions: SubscriberMail and Protocol IMS. These companies provide advanced e-mail, database marketing and telemarketing capabilities that further broaden our suite of direct marketing solutions. In addition, their commitment to long-term growth fits with our vision for Harland Clarke, and for your organization.

As we move toward a successful future together, Harland Clarke remains committed to developing and acquiring the innovative solutions that deliver fresh approaches to existing challenges, and to helping you navigate legislative changes that affect your institution and your account holders. We appreciate your business and the ongoing opportunity to help you thrive.

Sincerely,

Dan Singleton
President and Chief Operating Officer
Harland Clarke
Did you know that you can access Delivering Value online? Simply visit harlandclarke.com/dv to find current and previous issues.

WANT MORE INFORMATION?
To find out how Harland Clarke can help you improve business performance, contact your account executive or write us at harlandclarke.com/contactus.

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Associate Editor: Heather Young Elder
Managing Editor: Gaye Humphrey
Contributing Writers: Robin Bernstein, Kristen Quirk
Design: Harland Clarke’s DesignCenter

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We’re enhancing our already strong direct marketing capabilities with proven e-mail, analytical and telemarketing solutions to help your financial institution better nurture and grow account holder relationships.
The outcome of these bills is yet to be determined. But the broader issues raised by the unpopularity of overdraft charges with consumers provide a timely opportunity for financial institutions to reassess and strengthen their relationships with accounts holders, and focus on rebuilding their trust. “It’s about getting back to the basics and doing what’s right for your account holders,” says Merrifield.

According to Sue Schabert, Merrifield’s partner at MindBridge Marketing, this means rolling up your sleeves and nurturing true account holder relationships, from the ground up, so their money is working for them in the best possible way. The net result: Fostering these relationships over the long term naturally will increase loyalty and account profitability.

Is your bank or credit union doing all it can to rebuild consumer trust and confidence? Merrifield and Schabert have devised the following seven-point “back-to-basics” checklist to help you find out.

1. **Have you evaluated how your institution’s products and services are structured and priced?**

   There is little doubt that the final congressional overdraft legislation will result in financial institutions re-evaluating and restructuring their product offerings. In fact, some institutions are moving quickly in anticipation of these changes. The most significant initial impact will be on free checking. “Being proactive in assessing your institution’s products, services and policies, as well as remaining informed about emerging industry and competitive trends, will help you make the right changes for your account holders,” says Merrifield.

2. **Have you considered lower-cost alternatives to overdraft protection fees and made sure that account holders know about these options?**

   In response to the proposed overdraft legislation, many banks and credit unions are reviewing and revising their policies. For example, they may be implementing less costly and more consumer-friendly alternatives to overdraft fees, which might include the use of prepaid cards (see story on page 12) or the ability to tap into a savings account or credit card account for additional funds. “The fees for these transfers are typically less than those for overdrafts, and this option offers you an opportunity to cross-sell additional products,” says Schabert. “It’s all part of helping account holders manage their money and, thus, strengthening relationships.”

3. **Have you encouraged account holders to use available financial management tools?**

   Direct deposit can assure account holders of the timely availability of their funds. “These days it’s important to educate account holders on ways they can make the most of their money. Ensuring your customers and members are better informed will enhance overall satisfaction and help you build deeper, longer-term and more profitable relationships,” says Merrifield.

4. **Have you recognized and rewarded account holders who maintain valuable relationships with your institution?**

   Relationship pricing and reward programs can be useful in recognizing customers and members who have been loyal and profitable for your institution. Account holders also benefit when their relationships help them avoid fees. “Plus, reward programs can offer incentives for account holders to take advantage of services that cost less to deliver, generate revenue and build loyalty,” says Schabert.
Have you ensured that all staff members are knowledgeable about, and supportive of, your policies and procedures?

Every employee at your institution needs to be on the same page when it comes to understanding your policies and account options, and communicating them in a positive way to account holders and prospects. They need to be able to guide consumers in making well-informed choices about managing their money and avoiding fees. “The more educated your employees are, the better prepared they will be to help account holders select the best accounts for their needs and understand how to manage them wisely,” says Schabert.

Have you implemented a formal onboarding program?

Onboarding can help improve your cross-sell efforts. A well-structured onboarding program begins with the new-account opening process and continues through the critical first 365 days of the relationship. “Actively engaging new customers and members reinforces the decision they’ve made to do business with you,” says Merrifield. “At the same time, the process encourages new account holders to take advantage of additional services that will help them make the most of their money — and their relationship with you.”

Have you positioned your bank or credit union as a consumer advocate?

The proposed overdraft legislation provides a wonderful opportunity to educate account holders, prospects and the general community about basic financial management issues. “This is a chance to position your bank or credit union as a community leader and expert,” says Schabert. “It’s a win-win. Consumers learn ways to better manage their money. In turn, your institution can use these forums to help with account acquisition efforts.”

Most importantly, institutions should reach out to account holders to make sure they’re informed about account options, policies that may impact them, and ways they can manage their accounts and avoid fees. Merrifield notes that people who frequently incur overdraft fees and finance charges may benefit from such “Account Management 101” tips as remembering to record all debit swipes in a checkbook register, learning to balance a checkbook, keeping track of automatic payments, paying credit cards in full by the due date and contributing regularly to a retirement account. “Often it is high school and college students who abuse debit and credit cards due to lack of experience,” she says. “Collaborating with schools and community groups to teach young people how to better manage their finances might be an activity worth exploring.”

While the proposed congressional legislation may be triggering many of these efforts, at its core the issue is not simply about overdraft fees. Both Merrifield and Schabert emphasize that the bigger picture is about helping consumers be smart about their money and building stronger relationships. “Ultimately,” says Schabert, “this is about building account holders’ trust in their financial institutions.”

For more information on building stronger account holder relationships, contact your Harland Clarke account executive or visit harlandclarke.com/contactus.
Inside the Minds of Small-business Account Holders

What do they really want from you?

Small-business owners are worried. In a survey taken during the summer of 2009, J.D. Powers and Associates found that nearly half of small businesses had become more negative in their outlook as a result of the economic downturn. This is confirmed by an October 2009 Market Pulse report from Greenwich Associates which found that 46 percent of small businesses said their financial condition had deteriorated within the past year. Only one in five businesses reported any improvement. And while none of this may come as a surprise, it should be a concern to banks and credit unions, because this bearish view is casting a long shadow over financial services providers.

“When small-business owners are the least satisfied, they are the most likely to change providers,” says Jim Marous, marketing services director for Harland Clarke. According to J.D. Powers and Associates, small businesses with sales of less than $1 million are increasingly at risk of switching financial services providers, up in the past year from

Almost half of small businesses are either actively seeking a new provider or would consider changing if presented with a compelling offer.

<table>
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<tr>
<th>Current Relationship Status With Primary Bank</th>
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<tr>
<td>Small-business Banking ($1 Million – $10 Million)</td>
</tr>
<tr>
<td>My company is satisfied and not seeking a new provider.</td>
</tr>
<tr>
<td>My company is relatively satisfied but would consider adding or switching providers if presented with a compelling offer.</td>
</tr>
<tr>
<td>Don’t know</td>
</tr>
<tr>
<td>My company is relatively dissatisfied and actively seeking a new provider.</td>
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Source: Greenwich Associates, “After the Storm: How Banks are Competing and Winning After the Meltdown”
Small businesses that switch financial service providers do so for service reasons. The pie chart above shows that 14% switched providers. The bar chart on the right shows that 41% leave due to sub-par service.

10 percent to 13 percent. Greenwich Associates reported that nearly one in two small businesses are either actively seeking a new financial institution or would consider making a change if presented with a compelling offer. Compare this with pre-recession January 2007, when fewer than one in three small-business owners were considering a new provider.

“Because entrepreneurs are becoming increasingly concerned about the survival of their companies, they need more support than ever before,” says Marous. The bad news is that banks and credit unions are currently in danger of losing their trusted adviser status; the good news is that financial institutions now have a chance to become better advisers. According to Marous, “The opportunity to acquire and grow small-business accounts has never been this promising.”

Wanted: A Long-Term Commitment

He notes that small-business owners sometimes find financial products difficult to understand and are frustrated when they cannot get clear information from their financial institution. The Greenwich Associates report found that a whopping 70 percent said financial institutions were not meeting the needs of credit-worthy borrowers. No wonder 87 percent of these business account holders agree that financial services companies are facing a crisis of trust. Far and away, sub-par service was the most common reason cited by the four in 10 small-business owners who switched financial institutions, according to the Raddon Financial Group’s Small Business National Research survey. Competitive fees and rates, while important, ranked a distant second and third, cited by 28 percent and 21 percent of respondents, respectively. Owners of small companies are more concerned with long-term relationships that demonstrate a commitment to their accounts, notes Greenwich Associates.

“Research shows that small-business account holders visit a branch at least twice as often as consumer account holders,” says Lisa Cole Pacquin, vice president for B2B Solutions for Harland Clarke Marketing Services. “Yet branch personnel often are poorly trained to deal with their needs.” Indeed, Javelin Strategy & Research found that 87 percent of small-business owners had visited their local branch within the past month, compared with only 39 percent of consumers.

Another issue is that small-business accounts are often “hidden” on the consumer banking platform, where business and personal accounts may intermingle. “They’re easy to miss,” says Pacquin.
Wanted: The Tools to Run a Business

So what do small-business owners want from their bankers? According to Stephnie Williams, senior strategist at Harland Clarke, financial institutions ought to focus on two key areas: communication and operations.

J.D. Powers and Associates found that the more often a new small-business account holder received a communication, the higher that individual’s satisfaction was with the financial institution. The recommended frequency of communication, on average, ranges from two to three times a year for businesses with less than $1 million in sales, to five to seven times annually for businesses with sales in the $5 million to $10 million range.

These communications can be a combination of phone calls and in-person meetings. Yet more than two in three small businesses reported no account representative visits in 2008, according to Harland Clarke case studies. Clearly, there is a tremendous opportunity here to improve service. The key is to generate a natural and ongoing dialogue that creates awareness of various solutions for the small-business account holder. Brian Haney, small business products expert at TD Bank North, sums it up this way: “Small-business account holders are looking for a banker who takes an interest in their business.”

However, Williams cautions that communications should not always be promotional in nature. “Institutions can offer educational information and trends,” she advises. “E-mail relevant articles about the account holder’s industry, provide financial analysts’ reports, or draw attention to industry-specific webinars or seminars.”

Small-business owners also seek assistance with operations. They may excel at delivering whatever product or service they provide, but they do not necessarily know how to run the operational and financial aspects of their business. Often they are looking for basic rules on how to get started.

“Financial institutions can provide these account holders with services that help improve the efficiency of their business processes, which goes a long way toward easing their frustrations and ultimately earning their trust,” says Williams. “Think in terms of convenient value-added services that can save them time and money — things like projected cash flow, expense categorization and transaction history.”

One person who can attest to this is Todd Barnhart, senior vice president of Retail Deposits and Fee Income for PNC Financial Services Group, which services small-business accounts. “Time management and cash flow are generally their biggest problems,” he notes. “So they often choose a financial institution based on the tools it can provide to help them with these two challenges.” Examples, he says, include online payroll systems or merchant processing solutions. “For financial institutions, it’s about tailoring and simplifying sophisticated corporate cash management solutions for the small-business market.”

Services might include budgeting tools, financial record storage, establishing financial security and privacy policies, easy movement between business and personal accounts, direct deposit, payroll and ACH services, and online bill pay. It is worth noting that Javelin found that nearly three in four small businesses pay invoices directly at the biller’s site, compared with fewer than two-thirds who pay using a financial institution’s online bill payment site. This indicates that an institution’s online bill pay program may need improvement or, perhaps, better promotion.

Wanted: A Personal Touch

If bankers were inclined to underestimate the value of paying attention to small businesses, they should consider the J.D. Powers finding that highly satisfied small-business account holders can generate a 19.7 percent increase in revenue for a financial institution when compared with less satisfied ones.

Marous adds that smaller local banks and credit unions seem to understand this intuitively. “They are very good at reaching out to account holders and making one-on-one connections,” he says. “In this case, it’s smart for big national financial institutions to think more like small ones.”

PNC’s Barnhart adds a note of caution, however. Financial institutions should remember that all small businesses are not alike. “A medical practice has different needs than a manufacturer, which has different needs than a retailer,” he says. “It’s not one-size-fits-all banking.”

The simple truth is that small-business owners feel neglected. “They want to hear from you,” says Marous. “The solution is to get in front of these account holders and help them be more successful. There is no substitute for consistent, ongoing communication.”

The following guidelines will help you qualify small-business leads and grow them into more profitable accounts:

- Understand their business needs, usage patterns and behaviors
- Create solutions to meet those business needs
- Establish continuous awareness of your financial institution’s solutions with small-business account holders and prospects
- Provide your staff with the tools, support and reinforcement to follow through on opportunities
- Measure at all steps of the process and distribute results internally, which will provide a basis for improvement

Smart B2B marketing programs build momentum. They should be repetitive and dynamic, nurturing interest and generating dialogue. Communications can be a combination of e-mail, direct mail, telephone calls and face-to-face visits.

Marketers should envision lead management as a continuous loop. “Financial institutions need to stay patient throughout the process,” says Lisa Cole Pacquin, Harland Clarke’s B2B Solutions vice president. “Change takes time. It doesn’t happen overnight.”

Harland Clarke continually develops new marketing strategies to help financial institutions communicate with small-business accounts. To learn more, contact your Harland Clarke account executive or visit harlandclarke.com/contactus.
Cross-sell and Organic Growth Cited as Top Marketing Priorities for Financial Institutions

Yet many need to move from talking about them to taking action

Three years ago, Hudson Valley Federal Credit Union (HVFCU) — a $2 billion financial institution in the Northeast — realized it was spending too much time on one-shot promotion-based campaigns. So HVFCU decided to switch its focus to an ongoing top-of-mind awareness cross-sell program in which members were contacted regularly about various products. That way, if and when they had a financial need, members would think first and foremost of HVFCU.

Steve Nikitas, vice president of marketing for the credit union, calls this program “lights out” marketing because he knows it will get done, month in and month out, consistently and accurately. “Thousands of pieces of mail are going out to a targeted group, yet we only need to spend four or five hours a month on it,” he says. “This enables us to turn our attention to other marketing initiatives.”

Yet, while institutions may talk about organic growth, many have not implemented the strategies to facilitate it on an ongoing basis. Betsy Bentley, marketing services director for Harland Clarke, has experienced that firsthand. “I recently gave a presentation to bank executives and asked how many had an ongoing, sustainable cross-sell program in place,” she says. “There were approximately 45 people in the room, and maybe 15 raised their hands. That’s about a third, not 90 percent.”

And instead of being proactive, some institutions simply will react to what their competitors are offering.

There are several reasons for this, according to Bentley. One is that many financial institutions focus too much on acquisition. “For them, it’s all about gross new numbers of checking accounts,” she explains. “But in that case, you also have to look at attrition.”

Another more nuts-and-bolts reason is that without an internal marketing customer information file or customer relationship management software in place, cross-sell programs can be time-consuming to set up and difficult to measure without outside help. Ultimately, it is a matter of senior management priorities.
The fact is that there is no better time to launch an organic marketing program than now. Bentley points out that due to the struggling economy and high unemployment, consumers are playing it safe and not moving their money elsewhere. Thus, account holder reaction to cross-sell mailings has been excellent, with an average response rate of 0.5 percent and sometimes as high as 1 to 2 percent. Nikitas of HVFCU says his institution’s onboarding and recapture programs generate response rates of 10 to 11 percent in many cases.

“But the true measures of organic growth are the overall lifetime value metrics,” Bentley says, meaning boosting retention, stemming attrition and increasing average household balance. This is true of all financial institutions, large and small. And while it is also true that the better the data, the better the results, the thing to remember is that a cross-sell program doesn’t have to be perfect. “Don’t worry about having every little bit of information. Just set it up and automate it,” Bentley adds. “You can adjust it later.”

What counts is having some form of direct marketing communication in place, because businesses utilizing direct marketing typically outperform their competitors. It’s also important to remember that successful organic growth is not simply about selling more products and services. It’s about a continuous organic process of relationship development. Growth initiatives will never move forward if there’s too much focus on making them “textbook perfect” in terms of data and customer relationship management factors. As Bentley explains: “You want to avoid what we call analysis paralysis.”

For more information about implementing effective cross-sell and organic growth strategies, contact your Harland Clarke account executive or visit harlandclarke.com/contactus.

Financial Institution Marketing Goals

- Increase cross-selling efforts to current account holders: 91%
- Conduct promotions to attract new account holders to existing products and services: 76%
- Offer new products and services: 69%
- Expand market area by opening new branches in another geographic area: 54%
- Expand presence on internet: 45%
- Open new branches in existing market area: 44%
- Acquire another bank or financial services organization: 34%
- Enter joint venture/affiliation (e.g., insurance, real estate, broker-dealer): 24%
- Expand market area by purchasing branches from another bank in another geographic area: 24%
- Purchase branches from another bank in my current market area: 15%
- Provide account holders with mobile banking options (cell phones, etc.): 15%
- Add ATMs (proprietary or joint networks) in my market area: 15%
- Conduct promotions to attract new account holders to existing products and services: 17%
- Sell or close branch(es): 17%
- Source: Grant Thornton 15th Bank Executive Survey

More than 90% of financial institutions say their No. 1 marketing goal is to increase cross-selling.
Solution Spotlight

Where the Growth Is

Harland Clarke’s newly expanded prepaid card suite helps financial institutions tap into a burgeoning market

In the financial services industry, the words “rapid” and “growth” are not often heard together during the current economic downturn. But both terms aptly apply to the prepaid card market, which is expanding exponentially as consumers seek alternative payment solutions that meet their changing needs, offer the convenience of cash and provide the security of a card.

According to Mercator Advisory Group, an independent research and advisory services firm exclusively focused on the payments industry, the total dollar amount loaded onto cards in the segment that includes Visa®-branded prepaid gift cards and debit cards in 2008 was $60.4 billion, nearly $20 billion more than the $40.6 billion loaded in 2007 (a 48.6 percent increase).

That number is expected to rise again in 2010. In response to this growing trend, Harland Clarke recently expanded its prepaid card suite with two new reloadable debit cards: Visa Prepaid Debit Card and Visa TravelMoney® Card.

The Debit Factor

Harland Clarke began its prepaid card program several years ago with Visa gift cards. “We were one of the first suppliers of turnkey gift programs for financial institutions,” says Greg Kuyava, manager of sales and marketing for Harland Clarke Card Services. “Today we are one of the largest Visa gift card resellers in the country.” By enhancing its prepaid offerings with the Visa Prepaid Debit Card, Harland Clarke is able to further support financial institutions looking for ways to increase their account holder base and deposits. A significant opportunity exists in the underserved or unbanked markets, which represent approximately 40 million households in the U.S.2

According to Kuyava, earning the trust of the consumers in these markets is critical to success. “That’s where an effective turndown strategy comes in,” he explains. “The Visa Prepaid Debit Card enables financial institutions to provide a viable alternative to consumers who don’t yet qualify for a checking account due to poor or non-existent credit history.” Although the Visa Prepaid Debit Card does not help build an individual’s credit, it does enable the consumer to leave the institution with a product rather than empty-handed, which also helps build good will in the community the institution serves. “Down the road, when these consumers are able to establish or improve their credit, they are more likely to return to an institution that earned their trust for additional products and services,” adds Kuyava. The Visa Prepaid Debit Card is also ideal for individuals or small businesses as a budgeting tool, for parents who want to control kids’ spending while helping them learn financial responsibility, and for businesses to use as a payroll card. Cardholders can reload their cards an unlimited number of times, bringing the total value on the card to $5,000 each time, with cash, a check or direct deposit. Prepaid cards help lower the number of NSF fees, because prepaid cards only allow for purchases up to the amount available on the card. And consumers can enjoy the convenience, peace of mind and prestige that come with carrying a card, without the need for a bank account or a credit check.

On the Road Again

With the Visa TravelMoney Card, financial institutions now have a way to offer account holders a safe and convenient alternative to traveler’s checks. Unlike traveler’s checks, this prepaid debit card can be reloaded an unlimited number of times, bringing the total value on the card to $5,000 each time, at a participating financial institution or anywhere that displays the Visa ReadyLink logo.

The card offers other benefits as well, both for institutions and account holders. “The card transaction takes just a few

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1 http://www.mercatoradvisorygroup.com/index.php/doc/prepaid&action=review_item&id=397&catid=16
2 The CFSI Underbanked Consumer Study, Underbanked Consumer Overview and Market Segments Fact Sheet, June 8, 2008

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A Quick Look at Harland Clarke’s Reloadable Prepaid Cards

Whatever the size of your financial institution, Harland Clarke’s new prepaid reloadable cards — Visa® Prepaid Debit Card and Visa TravelMoney® Card — offer many benefits for your institution and the account holders you serve. Here are some key features of our reloadable prepaid cards:

- No consumer credit check or bank account required
- Useful as a budgeting tool
- Can be used anywhere in the world at locations that accept Visa debit cards
- Visa or Cirrus ATM access worldwide
- Unlimited reloads, bringing the total value on the card to $5,000 each time
- Visa purchase security and zero-liability protection
- Can be loaded via direct deposit from an employer
- Safe and convenient replacement for traveler’s checks
- Travel benefits, such as lost luggage reimbursement, travel and emergency assistance, and emergency card and cash replacement

Harland Clarke’s Visa Prepaid Debit Card

Harland Clarke’s Visa TravelMoney Card

minutes, and the teller line isn’t held up because an account holder needs to sign multiple traveler’s checks in order to validate them,” explains Nicole Machado, senior manager of operations for Harland Clarke Card Services. The TravelMoney Card also enables financial institutions that do not allow foreign transactions on their debit or credit cards to provide flexibility to account holders — without exposing the cardholder’s own debit or credit card to fraud. It is accepted at millions of locations worldwide, and travelers can obtain local currency from any Visa or Cirrus ATM machine. Additional travel-specific features include emergency cash and card replacement, lost luggage reimbursement, travel and emergency assistance, and Visa’s zero-liability protection for items purchased with the card.

A Turnkey Program

Harland Clarke’s prepaid reloadable cards are ideal for small and large financial institutions alike. “Smaller institutions like the low cost of entry, the revenue generation and the ability to provide a service generally found at larger banks and credit unions,” says Machado. “Larger institutions like the turnkey, low-hassle and low-risk aspects of prepaid debit cards, as well as the opportunity to expand their current card offerings.”

The prepaid card program can be implemented quickly and administered with low risk and low overhead. According to Machado, “Financial institutions don’t require additional infrastructure because Harland Clarke’s program provides the BIN, Visa and network reporting and back-office work, including chargeback processing.”

To start your reloadable Visa prepaid card program, or for additional information, contact your Harland Clarke account executive today. You can also call Card Services at 1.800.277.7637, e-mail us at cardservices@harlandclarke.com or visit our website at harlandclarke.com/cards.
More than 130 years ago, a small bank in Texas founded in 1868 began doing business with the Maverick-Clarke Lithograph Co., a small check printer that opened its doors in 1874. Both companies were based in San Antonio. The partnership continues to this day. In fact, the alliance between Frost Bank, now a $16 billion financial institution with some 112 branches throughout Texas, and the check printer, now the $1.3 billion provider of payment, marketing and security solutions known as Harland Clarke, is stronger than ever. Both companies still share deep roots in San Antonio and value their strong commitment to customers.

“We have a common goal of taking care of our customers and doing what’s right by them,” says Pam Thomas, executive vice president of marketing at Frost Bank. “That is one of the reasons our relationship has lasted so long.”

Shelly Whitman, director of marketing services for Harland Clarke, adds that what makes the partnership unique is the intense level of collaboration. “We are fully integrated with Frost Bank and its partner agencies, from strategic planning and development through daily program execution and performance measurement,” she says.

“Frost is unique in the way it brings together its team of service providers. It’s a recipe for success that has helped the bank achieve its growth objectives while maintaining its unique focus on customers’ needs.”

The most recent example of this team approach is a new customer cross-sell program launched last year called D3 (short for Data-Driven Dialog), which utilizes Harland Clarke’s proprietary predictive modeling intelligence tool, Stratics™, to evaluate the bank’s portfolio across two key indicators: attrition and purchase propensity.

“It’s a complex, customized and powerful ‘decisioning engine’ that strengthens our relationship with account holders,” says Ericka Pullin, Frost Bank’s senior vice president of marketing. “Our bankers tell us we’re doing a better job picking the right customers for a given offer. There is no disconnect between the marketing department and the sales force.”

Frost Bank’s marketing collaboration team includes longtime marketing partner McGarrah-Jessee, an Austin-based branding and advertising agency that provides creative execution. Harland Clarke delivers business intelligence (including analysis and results measurement), implementation of customer communications and comprehensive strategic consultation.

What Thomas appreciates is the fact that Harland Clarke is willing to take risks. “The company has grown with us,” she says. “Harland Clarke demonstrates thought leadership and recognizes the value of initiating smarter conversations with our customers.” Indeed, Frost Bank’s account retention rate is 97 percent, one of the highest in an industry where the average is around 80 to 85 percent.

Whitman notes that this integrated approach represents a differentiating strength for Harland Clarke. “Our financial institution partners are looking for us to engage in an ongoing, customized strategic alliance on many levels. With Frost Bank, we’ve forged a successful, enduring partnership geared toward long-term growth for our client.”

To learn more about engaging Harland Clarke in a strategic marketing alliance, contact your Harland Clarke account executive or visit harlandclarke.com/contactus.
Harland Clarke Marketing Services Has Talent

Nashville creative team wins award for client direct mail campaign

For the second year in a row, Harland Clarke Marketing Services’ creative team in Nashville has been recognized with a Graphic Design Award by Graphic Design USA, a news and information magazine serving the professional design community. This year’s award is based on the creative team’s work for National Bank of Arizona’s money market acquisition campaign. Harland Clarke Marketing Services will be listed as a 2009 winner on Graphic Design USA’s website and in its annual publication.

National Bank of Arizona, an affiliate bank within Zions Bancorp, is focused on providing financial services with a local perspective and personal dedication. The bank is dedicated to delivering its award-winning account holder service in a genuine, approachable way. It also has a strong entrepreneurial spirit and a can-do attitude, and it considers the real estate industry, professionals, and small and midsize businesses some of its core market strengths.

Harland Clarke Marketing Services designed a campaign that built on the bold, entrepreneurial aspects of National Bank of Arizona’s brand. The Nashville creative team positioned both the account holder and the money market account as “overachievers” — with the latter delivering a higher rate, more safety and accessibility. The goal of the campaign: to drive money market deposits via direct mail and in-branch posters.

Kristina Niblett, Harland Clarke Marketing Services’ creative director, led the design effort. “Our creative team applied strong direct marketing design and concept skills to develop a campaign that brought this entrepreneurial brand to life and generated results in both the mailbox and the branch environment.”

Jeff Warren, senior account executive in Harland Clarke’s Major Account and Investment Services Division, agrees. “This campaign positioned National Bank of Arizona as a strong financial partner when customers were most concerned about the safety and soundness of their financial institution. It also provided a positive, solution-oriented feel,” he says. “It is a great example of how Harland Clarke Marketing Services works with its clients to provide the tools and expertise to respond quickly to rapidly changing market conditions and unique opportunities.”

For more information about developing creative and effective direct marketing campaigns, contact your Harland Clarke account executive or visit harlandclarke.com/contactus.
In keeping with our commitment to help our financial institution clients acquire, measure, and optimize account holder relationships and return on investment, Harland Clarke acquired two companies in December: SubscriberMail and Protocol Integrated Marketing Solutions (IMS). These acquisitions enhance our suite of integrated, multi-channel marketing services and solutions.

SubscriberMail, based in Lisle, Illinois, is an award-winning marketing communications and technology firm that provides on-demand e-mail marketing services along with a proprietary e-mail technology platform. “E-mail is a critical tool for communicating with account holders and prospects today,” says Harland Clarke President and COO Dan Singleton. “The acquisition of SubscriberMail enables us to offer our clients stand-alone and end-to-end marketing solutions enhanced by the benefits of electronic communications, such as timeliness, cost-effectiveness and measurability.”

Protocol IMS, formerly a division of Sarasota, Florida-based Protocol Global Solutions, provides advanced database marketing as well as inbound and outbound business-to-business telemarketing services. “These solutions not only expand on our ability to target the right consumers with the right message at the right time, but also provide the telemarketing support that has been shown to increase marketing effectiveness,” Singleton adds.

The decision to acquire both companies was not just about the right mix of capabilities, however. It was also about an alignment of vision. “Our purpose has always been to help our clients acquire, onboard, grow and retain valuable account holder relationships for the long term,” says Harland Clarke Holdings Corp. President and CEO Chuck Dawson. “SubscriberMail and Protocol IMS demonstrated this same level of commitment and fit with Harland Clarke’s vision of successful future growth for our company and our clients.”