3 Reasons the Status Quo Isn't Good Enough for Deposit Acquisition:

Right **Product**, *Right* **Prospect**, *Right* **Time**

HARLAND CLARKE®

How to bring household and deposit acquisition into the 21st century

There's an old definition of insanity as "doing the same thing over and over again and expecting different results." It has been widely attributed to Albert Einstein, but the truth is we don't know who said it. It sounded smart, so it was attributed to the smartest person in the world.

No matter who said it, the anecdote has special relevance for financial institutions and their efforts to acquire new account holders. Doing the same things they've always done to grow accounts won't bring better results. Improvement requires doing things differently or better.

This is especially true in today's consumer-centric world. Brands — including banks and credit unions — no longer sell to consumers. Nowadays, consumers decide what, when, where, why, how and from whom they buy. They expect instant gratification, receiving what they want, when they want it, via the channel they want it in.

Known as the "Amazon® Effect," the disruption caused by this need for greater ease and immediacy is being felt by brands of all sizes and in all industries, including financial institutions. Consumers want instant gratification and they want a personalized experience.

Financial institutions that internalize this new reality, recognizing they're competing not just against other banks and credit unions but also against Amazon® and Google, will meet consumer expectations and win the day. Those that don't will get left behind, just like Toys R Us, Sears®, JC Penney, Macy's, and dozens of others.

Combine this new consumer reality with a new (to most) interest rate reality. For the first time in a generation, we're facing an up-rate environment, making profitability more difficult, putting more pressure on core deposits to provide a stable source of funds — for lending activities and long-term profits.

With so much depending on deposit accounts, financial institutions of all shapes and sizes are realizing the old ways of acquiring account holders are no longer sufficient.

Gone are the days of relying on passive, organic growth or saturation mailings in which every household within a certain radius of the branch received the same message.

These approaches yielded mostly missed opportunities and wasted mail. The account holders they did bring in were just as likely to attrite as they were to remain.

Given the rise of fintechs, P2P lending, and other digital disruptors in the financial services space, there must be newer and better ways for traditional financial institutions to acquire account holders.

Fortunately, there are.

Using a combination of data, analytics, and exceptional creative, financial institutions can offer the right product to the right prospect at the right time — at the same price as saturation mailing.

Right Product

Let's begin with the right product. It may sound obvious, but it bears repeating: you need to know what you're promoting. Is it large deposits? Low-cost deposits? Money market accounts?

Aligning promotional products with the institution's strategy and growth goals will ensure executive buy-in and support, which are crucial to the collaboration between marketing and other departments.

Nothing breeds failure like operating in a silo, where frontline staff are caught unawares by a marketing campaign, hurting the institution's brand when prospects come into the branch looking to capitalize on an offer they received. Avoid this by promoting the right product, and communicating it widely and often within the institution.

Right Prospect

The most obvious difference between the old and new ways of acquiring account holders lies in the power to target and engage the right prospect.

While traditional programs were only marginally targeted and typically required huge mail quantities, today's programs can be tailored to select households, such as new movers, small business owners, or lookalike consumers — resulting in a much smaller target audience. These new programs produce higher responses than saturation mailings, but they come with higher costs that require higher returns.

Using data and analytics, it is possible to get the best of both approaches: highly targeted and customizable targeting at saturation prices.

This flexible approach targets neighborhood clusters with the highest likelihood of responding to the bank or credit union's offer.

To achieve this best-of-both-worlds result, it's necessary to use all three phases of what's known as the "analytic journey": descriptive, predictive, and prescriptive.

Descriptive analytics is a look back at what has happened. This means examining the available data on a financial institution's existing account holders from the last 12-24 months.

Predictive analytics is a look at what is likely to happen in the future. By combining propensity models with demographic and behavioral information, highly accurate predictions can be made around who is likely to purchase what products and when.

Prescriptive analytics answers the question "What should we do about it?" This is the proof in the pudding, so to speak, and relies on a wide number of data points, along with consumer segments and cutting-edge algorithmic techniques.

Data points can include **basic attributes** such as income, net worth, home values, occupations, age, and education. They can include **industry-relevant attributes** like credit union customers, American Express customers, and under-banked areas. They can even include **socio-demographics** such as organic food purchasers, high pet areas, foreign-born residents, casino gamers, avid readers, and online shoppers.

By combining the above data points with robust analytics across all three phases of the analytic journey, financial institutions can, for instance, identify areas where competition is fierce or where opportunity is growing. They can also get a custom consumer index that ranks prospect areas based on how similar or dissimilar they are to the institution's target consumer.

The end result is the bank or credit union can accurately select its most desirable prospects based on budget and institutional requirements. This is light years ahead of the spray-and-pray approach of traditional saturation mailings.

Right Time

The right time to target a prospect often comes down to being in the right place. The status quo depended on the prospective account holder being in one of two places: at the branch or at their mailbox.

Today, there are multichannel options for capturing the right prospect at the right time. Direct mail is still one of them, of course. But so are digital channels, such as email, mobile, social, and web. These increase the institution's brand recognition and conversion opportunities. They provide geo-targeting and one-to-one communication options, including hyper-targeted display ads, device homing and following capabilities, and 24 x 7 x 365 ability to reach consumers wherever they are.

Print, or run of press (ROP), is another channel that can be used to reach the right prospect at the right time. Newspapers provide a variety of advertising options — display ads, wrapped ads, front-page ad notes, strip ads, and special sections — to attract consumer attention. Since ads can be deployed in just a few days, these represent excellent options to execute on immediate needs, for special promotions such as branch openings, or general brand awareness.

The contact center — either in-house or third party — is an excellent option for ensuring responsiveness and a seamless account holder experience, from signup to onboarding and beyond. It can provide personalized, targeted communications through a channel known for efficiency and effectiveness.

Today's consumer enjoys an always-on purchasing environment.

For financial institutions to compete, they need to be available at the time and place of the consumer's choosing — around the clock and at every conceivable touchpoint.

Data is Key

Financial institutions can no longer afford to bring in anybody and everybody. Gone are the days of casting a wide net and letting the majority attrite during or after the onboarding process. It's too costly to acquire new account holders — and too costly to keep losing valuable ones.

Passive approaches and saturation mailings resulted mostly in lost time, lost effort, lost materials, and lost money. It's far more efficient to take a strategic approach and know what kind of account holder to attract.

Data — including that of existing account holders — is the key that will unlock which prospects are right for a particular bank or credit union. Data will identify which prospects are most likely to purchase multiple products and generate significant revenue, which will be loyal and provide top-of-wallet benefits.

Whether it's millennials or baby boomers, new movers or small business owners, financial institutions that can pinpoint their top prospects and extend personalized offers via multiple channels will be the most likely to succeed.

Harland Clarke Can Help

Harland Clarke can help you acquire account holders, effectively and efficiently, who are most likely to be profitable.

Our proprietary data analytics identify prospects that match the profile of your best account holders. We target individual prospects (not neighborhoods) with personalized offers based on consumer, demographic, lifestyle, purchase potential, and other data. Our sophisticated modeling is unmatched in the industry and is the same as used in medical research, including genetics and oncology.

Our deposit and household acquisition solution, Acquisition Accelerator®, includes everything you need — analytics, incentives, creative, and comprehensive reporting — to land the account holders you want just when they are ready to make a switch.

Learn more by calling **1.800.351.3843**,
emailing us at **contactHC@harlandclarke.com**,
or visiting **www.harlandclarke.com/householdacquisition**.