

# Delivering Value

Credit Union Edition

An industry  
magazine for  
clients of  
Harland Clarke

**June**  
**2008**

Volume 3 Issue 2c

## By the Numbers

### 1 year

Harland Clarke celebrates a year of doing business  
(page 4)

### \$691

The mean consumer cost per identity theft victim to resolve a fraud case (page 8)

### Less than 10%

The percentage of household assets in deposit accounts (page 10)

### More than 40%

The percentage by which one financial institution reduced the cost of new acquisitions (page 13)



HARLAND CLARKE™

## The Facts About FACTA's Identity Theft "Red Flag" Rules

*The information provided about FACTA and Red Flag rules is not legal advice. If legal advice is required, the services of a legal professional should be sought.*

November 1 is the deadline for complying with Section 114 of FACTA (Fair and Accurate Credit Transactions Act of 2003), also known as the "Red Flag" rules. If that fact has you ready to wave the white flag, Harland Clarke can help. *Delivering Value* recently asked Buddy Allen, senior product specialist in marketing with Harland Clarke, some questions about the Red Flag rules. (*Buddy is not a lawyer and his comments below are not legal advice.*)

**DV: What are the Red Flag rules? What are the requirements?**

**BA:** In October 2007, federal financial institution regulatory agencies and the Federal Trade Commission issued rules that require financial institutions and creditors to develop and implement an identity theft prevention program. According to regulators, "the program must include reasonable policies and procedures for detecting, preventing and mitigating identity theft and enable a financial institution or creditor to: identify relevant patterns, practices and specific forms of activity that are 'red flags' signaling possible identity theft and incorporate those red flags into the program; detect red flags that have been incorporated into the program; respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and, ensure the program is updated periodically to reflect changes in risks from identity theft."<sup>1</sup>

**DV: Who must comply?**

**BA:** The rules state that "financial institutions and creditors that offer or maintain 'covered accounts' must develop and implement a written program. A covered account is (1) an account primarily for personal, family or household purposes, that involves or is designed to permit multiple payments or transactions, or (2) any other account for which there is a reasonable foreseeable risk to customers or the safety and soundness of the financial institution or creditor from identity theft."<sup>2</sup>



Win the  
race against  
the clock to  
Red Flag  
compliance

<sup>1</sup> FDIC joint press release: "Agencies Issue Final Rules on Identity Theft Red Flags and Notices of Address Discrepancy" 31 Oct. 2007  
<sup>2</sup> <http://www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf>. The Guidelines provide 26 examples of red flags.

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# Leadership Letter

## **Harland Clarke's First Anniversary: A Time of Celebration and Anticipation**

When relationships are new, they often have a sense of excitement and anticipation. As they become more established, whether in business or in life, relationships tend to take on other qualities as well, like familiarity and trust.

At Harland Clarke, we have the best of both worlds. May 1 marked the first anniversary of the merger of two industry leaders under the Harland Clarke banner, culminating a year of change and significant success. Our

list of accomplishments from this past year is lengthy. We are proud of that, but more importantly, we are focused on what our accomplishments mean for our clients. All our efforts represent an investment of time, energy and resources in your direction—in helping your financial institution achieve its goals, strengthen relationships with account holders, and increase the lifetime value of those relationships.



In this issue of *Delivering Value*, you'll find examples of what that looks like in terms of day-to-day operations. The cover story outlines some key facts you need to know about the November 1 FACTA "Red Flag" rules deadline and how your financial institution can navigate the process smoothly. You'll learn more about how we've spent our time during the past year, bringing forth best-in-class products and services to discover and activate the untapped potential in our clients' organizations. In Security Corner, you will read about the latest trends in identity theft, according to a survey by Javelin Strategy and Research. If you have been looking for strategic solutions to acquiring and retaining core deposits, Solution Spotlight can help. And you'll learn more about the bottom-line and real-life impact Harland Clarke has on our clients and in their communities.

As Harland Clarke heads into its second year of doing business as a unified company, we are not only celebrating our successes. We are also looking ahead, anticipating the accomplishments that will come as a result of blending more than 200 years of financial services experience with innovation—both of which are needed in a competitive marketplace during turbulent economic times—so we can best serve our clients. And in doing so, we will add more layers of trust and familiarity to those relationships, strengthening an already solid foundation.

Best regards,

A handwritten signature in black ink that reads "C. Dawson".

Chuck Dawson  
President and CEO  
Harland Clarke

## **Executive Spotlight**

Chuck Dawson is the president and CEO of Harland Clarke Holding Corp. The holding company oversees Harland Clarke, Harland Financial Solutions, and Scantron. Prior to his current role, he served as CEO of Clarke American and previously, as CEO of Rocky Mountain Bank Note. He has more than 30 years experience in the securities printing business, including GM responsibility with Harland.

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**Did you know** that you can access *Delivering Value* online? Simply visit [www.harlandclarke.com/dv](http://www.harlandclarke.com/dv) to find the 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 [www.harlandclarke.com/contactus](http://www.harlandclarke.com/contactus).

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At this year's CUNA Governmental Affairs Conference, we renewed our commitment to credit unions and celebrated our client's big win.

Harland Clarke Celebrates Its

# First Anniversary

## by Investing in Your Direction

### A first anniversary is an important milestone —

it marks the passing of a year and commemorates the inaugural days of a relationship. It also symbolizes newness and tremendous potential.

That is indicative of where we are today. On May 1, 2008, we celebrated a year of doing business as Harland Clarke. Since the company was formed when Clarke American and John H. Harland Co.'s printed products and marketing services divisions joined forces in 2007, we have accomplished a great deal: defining who we are as an organization and the values we stand for, including trust, collaboration and partnership; bringing forth best-in-class solutions from each legacy company; launching new and enhanced products and services that help our financial institution clients achieve their goals; and much more.

All these efforts have been undertaken with one objective in mind: to invest in your direction. And we have only just begun. As Harland Clarke moves into its second year and beyond, we will continue to focus on helping our clients do more, discover and activate untapped potential in their account holder relationships, and increase the lifetime value of those relationships.

### Payment Solutions: New Choices, High-Quality Service

In a year when other check printers and service providers saw sharp declines in their delivery service levels, Harland Clarke improved the experience for our clients. We did that by enhancing check designs for both consumers and business customers, creating streamlined point-of-sale materials that save branch employees time and help keep fee income in-house, and offering more payment solutions than ever for account holders.

For example, with specialized card services, our clients can strengthen cardholder relationships and loyalty, increase operating efficiencies, and boost card usage, penetration, and non-interest income, just to name a few. Innovative debit and credit card designs, such as the

"clear" (or see-through) card stock launched this past year, are popular with consumers and the financial industry alike. In fact, one of the clear cards, created by Harland Clarke, won the Élan Award in April 2008 from the International Card Manufacturers Association for Best Secure Financial Card.

Harland Clarke also provides a range of solutions to help financial institutions of all sizes run their businesses. Within the past year, we launched MICR Quick™, in-house software that enables our clients to print on-the-spot personalized starter checks for home or business. It also prints other MICR-related documents. Account holders can choose the designs and paper stock of Harland Clarke's full check orders. In addition, we facilitated e-learning programs, with 78,651 hours of financial institution-specific professional development coursework completed via the Internet. By utilizing Harland Clarke online educational services, financial institutions can provide a broad curriculum of more than 200 courses covering topics such as compliance, teller school, sales and service training, community relations, and much more. These courses can be delivered without support from an in-house training department.

### Marketing Services: A New Leader, Years of Experience

By combining the extensive experience of the companies that joined together to create Harland Clarke, we have quickly become one of the leading providers of marketing services for financial institutions. Harland Clarke's breadth of comprehensive marketing solutions helps clients, large and small, successfully acquire, retain and grow account holder relationships. For example, Acquisition Accelerator™ and Intelligent Onboarding™, two market-driven solutions launched in the past year, help get relationships off to a strong start by acquiring and engaging new account holders and generating long-term loyalty. CheckSmart Messaging™, TeleSmart Messaging™, Credit Optimization™ and Momentum Mail™ are programs that provide ongoing cross-sell and utilization communications that strengthen, grow and retain existing

account holder relationships. And our Opportunity Analysis™ helps find and accelerate some of the untapped potential in your portfolio, identifying your greatest areas of risk and your best opportunities.

Harland Clarke also offers one-of-a-kind, highly customized marketing solutions through our Agency Services, helping you stay ahead of the competition with targeted solutions that communicate your value and distinguish you in the marketplace.

From strategy and business intelligence to creative and production services—all with high-touch client support—Harland Clarke's broad suite of marketing capabilities complements your marketing activities to optimize results.

Every step of the way, each Harland Clarke financial institution client can be assured that its confidential information, along with that of its account holders, is protected. Harland Clarke has made a commitment to information protection, along with a substantial investment in time, effort and financial resources that it takes to follow through on that commitment. Whether printing checks or providing marketing services, Harland Clarke offers the highest level of protection possible for all the information clients entrust with us.

Our meticulous security standards and processes are employed in four key areas: information security, physical security, privacy compliance, and vendor risk assessment programs—and we have a dedicated security department that oversees all aspects of Harland Clarke's data security efforts. In 2007, all Harland Clarke Marketing Services production operations merged in its Baltimore facility. A short time later, that facility earned the 2007 Payment Card Industry (PCI) Compliance Certification, which requires adherence to a rigorous set of standards for data security issued by the PCI Security Standards Council.

### **Business Solutions: Enhanced Revenue, Increased Satisfaction**

With more than 26 million in number and growing, "small" business is "big" business in the U.S. As soon as Harland Clarke came together, we identified the best-of-the-best business products and services to serve this market segment. Small businesses with 100 or fewer employees represent a significant opportunity to grow revenue, improve account holder satisfaction and retain a valuable asset: the business owner.

Harland Clarke has created a combined business solution offering that includes enhanced, patented and industry-unique security features on checks; new and refreshed three-to-a-page check design options; new designs for business wallet checks; additional laser check formats and colors; improved business deposit ticket designs; a sales-focused catalog; and much more. We have been talking to small businesses and listening to what they want and need to run their business.

### **Secure Solutions: Innovative Features, More Options**

A challenge that has been top-of-mind is security. You communicated it, and we responded. From innovative check security features like Fugitive Ink, Warning Box and Security Weave™ to offerings such as ID Reclaim™ and Secure Delivery Tracking, Harland Clarke provides the security solutions account holders expect. And, with the soon to be announced Red Flag Toolkit, Harland Clarke will continue to offer solutions to help financial institutions as they prepare to comply with Red Flag legislation requirements by November 1, 2008.

### **Harland Clarke: Uniquely Positioned**

With more than 200 years of combined experience under our belt and a comprehensive array of solutions to help financial institutions realize their objectives, Harland Clarke is uniquely positioned to help find and activate untapped potential in relationships with account holders through a variety of payment solutions, marketing services and business solutions. With more than 200 million consumer touchpoints from May 2007 to May 2008 alone, we consistently utilize both expertise and opportunity to help you increase the lifetime value of each and every account holder.

As we celebrate our first anniversary, Harland Clarke is also looking ahead—prepared to listen to what is important to you, design solutions that meet your needs and those of your account holders, and exceed your expectations with a sense of focus, purpose and integrity.

At Harland Clarke, we do all this as a strategic partner with a results-driven approach and the experience to navigate through both shifting economic conditions and the changes that are taking place in the financial services industry. And we look forward to serving you in this way for many years to come.

## The Facts About FACTA's Identity Theft "Red Flag" Rules

The information provided about FACTA and Red Flag rules is not legal advice. If legal advice is required, the services of a legal professional should be sought.

(Continued from page 1)

### DV: What are some of the red flags that need to be monitored?

**BA:** The guidelines provide 26 examples of red flags. Some of them include: "alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services; the presentation of suspicious documents; the presentation of suspicious personal identifying information, such as a suspicious address change; the unusual use of, or other suspicious activity related to, a covered account; and notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the financial institution or creditor."<sup>2</sup>

### DV: What should financial institutions do to prepare for the November 1 deadline?

**BA:** Financial institutions should have a cohesive written policy, approved by its board or senior management that describes the various red flags they will detect as well as the resulting processes that must be followed once one of those red flags has been detected.

### DV: What are some of the compliance challenges facing financial institutions?

**BA:** Financial institutions must educate all their employees to look for red flags across consumer and small business accounts including IRAs, investments, mortgages, loans, etc. A second challenge is updating the plan periodically in order to keep up with the changing risks to consumers. One way to do this is by monitoring trends, such as collecting and analyzing red flag data. Financial institutions may not currently have a tool in place that allows them to easily collect and analyze this data.

# How Prepared Are You?

In early May, Harland Clarke conducted an online survey of compliance officers regarding their preparation process for the November 1, 2008 FACTA Red Flag compliance deadline. The results may surprise you.

- Very few respondents (only 13%) felt extremely knowledgeable about Red Flag legislation. The majority (74%) felt they were "somewhat knowledgeable" about it.
- Most (62%) had not yet started preparing their Red Flag compliance program, or were in the very early stages. This was especially true with smaller financial institutions. About a third (34%) were well under way in the process, and a small minority of early birds (4%) had already completed their compliance planning.
- Nearly two-thirds (64%) of respondents expressed a need for outside assistance in developing their FACTA compliance plan.
- Four in 10 respondents do not currently offer an identity theft recovery service, but expressed interest in providing this service to account holders.

<sup>2</sup> <http://www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf>. The Guidelines provide 26 examples of red flags.

### **DV: What is the first step for financial institutions in developing an identity theft prevention program?**

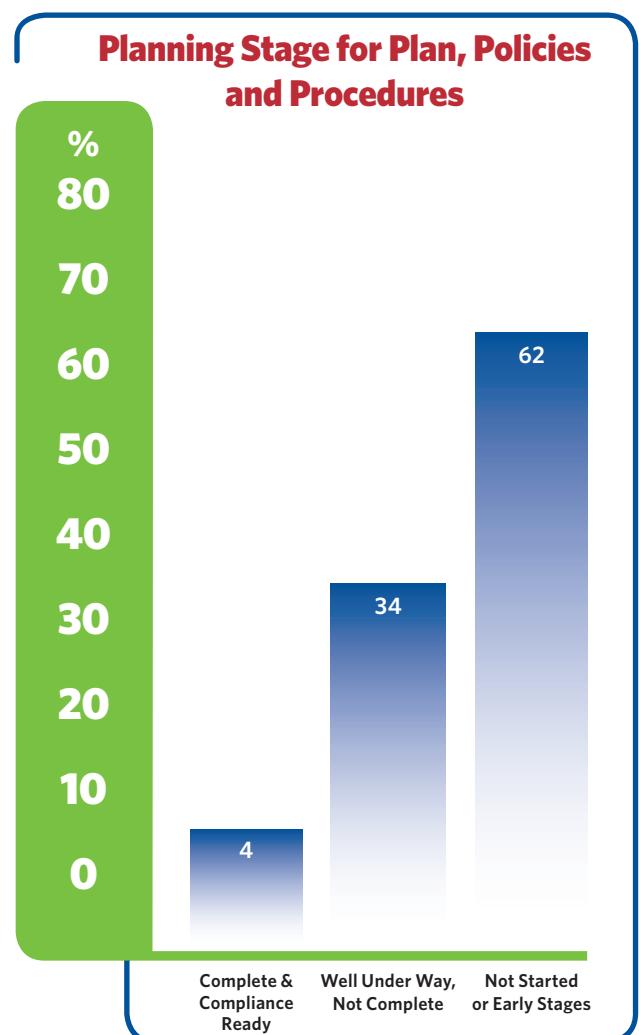
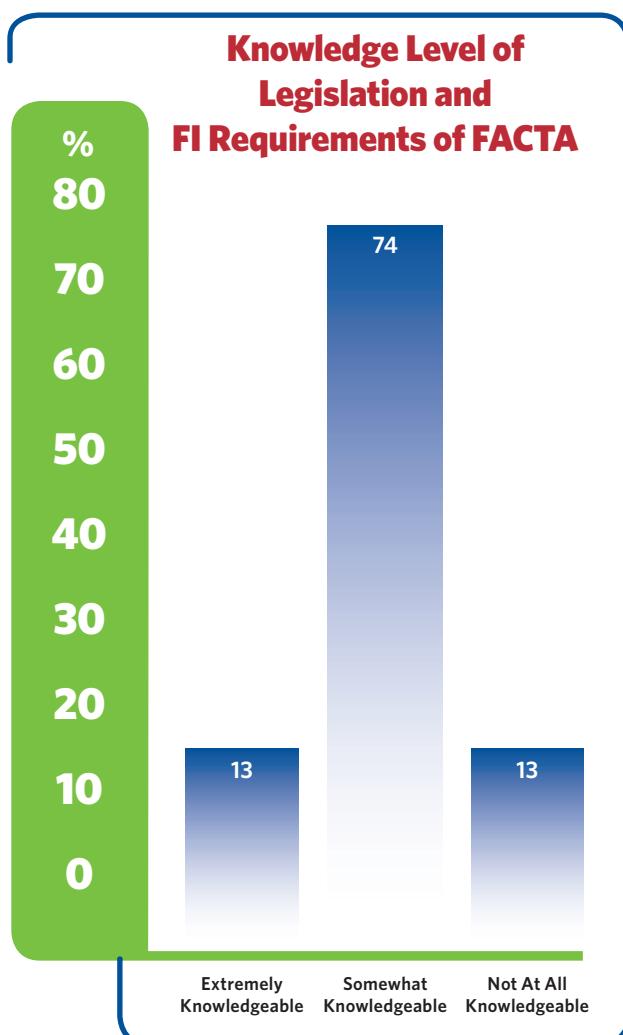
**BA:** The first step is to form a Red Flag compliance team made up of executive and senior-level management. The rules specifically call for "oversight by the board of directors, an appropriate committee of the board, or a designated employee at the level of senior management."<sup>2</sup>

### **DV: How time-consuming will it be for most financial institutions to comply with the new regulations?**

**BA:** It will depend upon the size of the institution, the documentation already in place for identity validation processes, and the knowledge level of the current staff. The creation of the written plan will require input from all departments that service 'covered accounts.'

### **DV: What is the biggest mistake a financial institution can make in the compliance process?**

**BA:** Not working as one cohesive group to come up with a plan. It's important to take an overall organizational perspective on this. That is why it must be approached from a corporate view, allowing for everyone's input, building a plan and a process that is efficient and effective across the entire organization.



## Security Corner

### New Survey Reveals Identity Theft Trends

# THIEVES Take to the Phones & Tactics Grow More Sophisticated

One challenge for financial institutions in creating a Red Flag compliance plan is keeping up with the ever-evolving tactics of identity thieves. Therefore, compliance programs must be updated periodically, reflecting the unfortunate fact that these criminals are always looking for new ways to steal.

Javelin Strategy & Research, a leading provider of quantitative research focused exclusively on financial services topics, has been conducting annual surveys on identity theft trends since 2003. The 2008 survey was conducted via telephone with 5,075 adults in the U.S., a representative sample. Based on the results, certain trends are apparent that financial institutions should be aware of:

**The cost per crime is up:** While the number of fraud victims has been declining steadily since 2003, the mean consumer cost per victim (those out-of-pocket expenses incurred by the victim in order to resolve a fraud case) rose from \$554 in 2007 to \$691 in 2008, an increase of approximately 25 percent. This is likely due to the growing sophistication in fraud techniques, particularly in new accounts fraud, resulting in a greater incidence of high-value and tough-to-resolve crimes.

**Thieves are moving to unprotected "traditional" channels:** The incidence of theft via mail order or telephone order (MOTO) transactions soared from a mere three percent of transactions in 2007 to a whopping 40 percent in 2008. This is called vishing (voice phishing), in which the criminal, posing as a financial institution representative, uses the phone (and possibly e-mail) to prompt victims to provide personal data under the guise of resolving an account problem. This upsurge in use of the telephone reflects fraudsters' preference for less protected channels given the financial industry's strong focus on online security.

**Cross-channel fraud is a growing trend:** After personal information is stolen via telephone, the identity thief then uses it to commit fraud online. Fraudulent "card-not-present" online purchases rose from 21 percent last year to 28 percent this year.



Javelin recommends that financial institutions be direct and clear in communicating with account holders about security. Banks and credit unions stand to benefit by partnering with customers to fight fraud collectively, and by recognizing that consumers feel a sense of ownership over their financial safety.

Internally, financial institutions must involve all key functional areas in fighting fraud, according to Javelin. This includes risk and fraud specialists, customer service, and marketing and product managers of both back-end security capabilities and customer-facing points.

It's important to take a holistic view of all risk and fraud investments by assessing the cost and return on investment of each solution through a set of standard, fact-based criteria.

For more information about this report, "The 2008 Identity Fraud Survey Report," or other Javelin reports, please visit [www.javelinstrategy.com/research](http://www.javelinstrategy.com/research), or e-mail Javelin at [inquiry@javelinstrategy.com](mailto:inquiry@javelinstrategy.com) or call (925)225-9100x30. For more information about the company, go to [www.javelinstrategy.com](http://www.javelinstrategy.com). To register for Harland Clarke's free identity theft class, contact your account executive or go to [www.harlandclarke.com/security](http://www.harlandclarke.com/security) and click the Identity Theft Awareness link.

## Feedback Forum

# Survey Results

## From Your Front-Line

During our March 2008 product launch, Harland Clarke included a survey for branch personnel. We asked questions about our new products and catalogs, and we had a very positive response. Highlights include:

### Personal Catalog Easy to Use?

It is easy to use the new personal products catalog to find the right product for my account holders.



Agree 83%

### Catalog Right Size?

The personal products catalog is just the right size for me to use when talking with my account holders about checks.

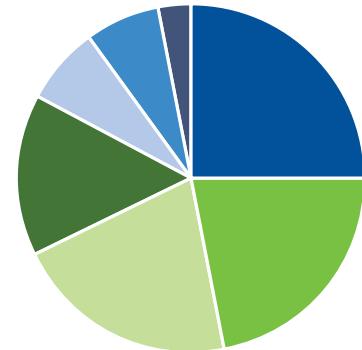


Agree 90%

### Most Popular?

Of the designs listed below from the personal products catalog, the one I think my account holders will buy most often is:

America the Beautiful	25%	Looney Tunes	7%
Mickey and Friends	22%	Springtime	7%
Let Freedom Ring®	21%	World Traveler®	3%
Humane Society	15%		



### Business Catalog Easy to Use?

It is easy to use the new business products catalog to find the right product for my customer.

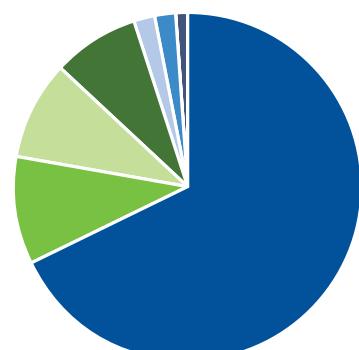


Agree 90%

### Most Important Security Features?

The advanced security features on business checks that I think my business account holders will appreciate most are:

All	68%	Protective Fibers	2%
Security Paper	10%	Warning Messages	2%
Watermark	9%	Micro Print	1%
Fugitive Ink	8%		



### Your Feedback Matters

At Harland Clarke, we believe listening is just as important as doing. We are committed to ongoing business improvement, and one of the ways we achieve that is by gathering and incorporating your feedback. In fact, *Delivering Value* is an example of our response to your request for additional information that can help your financial institution succeed. We welcome your feedback on this publication, our products and our services, as well as ways to better serve you. To share your thoughts, please visit [www.harlandclarke.com](http://www.harlandclarke.com) and click Contact Us.

## Solution Spotlight

# Gain a Bigger Slice of the “Core Deposit” Pie

## Drive Growth and Achieve Goals With a Strategic Approach to Checking Acquisition

Acquiring and retaining core deposits has been a growing challenge for financial institutions. That's because consumers today can choose from a seemingly endless menu of savings and investment options. Not surprisingly, people are getting savvier about their financial decisions.

“Consumers are being asked to take greater responsibility for their financial well-being,” says Michael Bencic, executive director of client strategy, Harland Clarke Marketing Services. “They want products with higher growth potential, such as mutual funds and stocks, that will help ensure they don’t outlive their assets.”

According to a Federal Reserve Survey of Consumer Finances, in the two decades spanning 1985 to 2005, the percentage of household assets in deposit accounts shrunk from nearly a third to less than 10 percent. In contrast, the percentage of assets in life insurance, pensions and trusts grew from 37 percent to more than 51 percent. Likewise, household investments in mutual fund shares quadrupled as assets were moved into equities and money market mutual funds, and as consumers increasingly turned to employer-sponsored contribution plans for their retirement savings.

Consumers are also demonstrating much greater confidence in the increasing number of direct mail and online high-rate offers from national and non-traditional financial services companies, making the challenge of deposit retention and growth even more critical.

### **Account Acquisition + Organic Growth = A Winning Strategy**

Stable core deposits are vital to the strength and performance of banks and credit unions, enabling them to lend, invest and reduce exposure to risk. Checking accounts in particular are a low-cost source of funds and a key source of fee income. Perhaps more importantly, they are the glue that keeps account holders with you for the long haul, according to Diane Merrifield, director of program management, Harland Clarke Marketing Services.

“Checking accounts are that critical foot-in-the-door that offers the opportunity to engage, onboard and cross-sell new account holders,” she says. “They drive organic growth and counteract the inevitable losses due to attrition.”

The Grant Thornton 14th Annual Survey of Bank Executives found that while nine out of 10 bankers feel that retaining deposits and attracting new account holders are important for success, only half are confident of their financial institution’s performance in these areas.

Merrifield explains that now is the time to gain momentum and market share by investing in marketing, especially when competitors are cutting back as a result of economic pressures. “With financial institutions generally spending more than 50 percent of their marketing budgets on account acquisition, combining acquisition with a disciplined onboarding program is crucial to long-term growth and profitability,” she says.



**Acquire**



**Engage**



**Grow**



**Retain**

The combination of Harland Clarke’s Acquisition Accelerator™ and Intelligent Onboarding™ is a one-two punch that both attracts new account holders and lays the foundation for long-term profitable relationships.

But attracting new checking accounts is easier said than done. "Switching banks is a hassle," says Merrifield. Typically, people won't bother unless motivated by a lifestyle change (often accompanied by a move—see "Welcome to the Neighborhood" on page 12) or dissatisfaction with their current institution. These triggering events typically are not predictable, underscoring the need to view account acquisition as an ongoing strategic marketing investment, not a one-time promotional shot-in-the-dark.

Indeed, acquisition marketing has become more targeted and sophisticated. "We've moved beyond simple free-checking-with-a-gift offers," says Merrifield, "to strategies designed to better target households with the greatest opportunity for long-term deposit growth and profitability. Direct marketing is one of the most cost-effective and measurable approaches, especially compared with

such tactics as print and radio advertising."

With an increasing focus on attracting households that are more likely to engage more deeply and grow in value over time, financial institutions need to consider more strategic approaches to acquisition—and that includes a direct marketing approach that involves four essential elements: the right target **audience**, a compelling product **offer**, motivating **incentives**, and strong creative **execution**.

For example, the institutions that have made Harland Clarke's direct marketing solution, Acquisition Accelerator™, part of their marketing strategy have reaped results that include a 66 percent upswing in new checking account openings and a 58 percent boost in direct mail response rates. What's more, the cost of acquiring new account holders dropped in some cases by 30 percent to 40 percent (your results may vary).

*(Continued on page 12)*

## A Smart Approach to Deposit Acquisition

Acquisition Accelerator™ utilizes a strategic combination of four key elements to drive core deposit acquisition: (1) audience, (2) offer, (3) incentives, and (4) execution. Choosing the right options will depend on your financial institution's goals and factors that are specific to your situation, which include:

**Your goals.** Whether you're seeking the greatest possible account volume and fee income opportunities or looking for long-term quality relationships and deposit growth, your business objectives will guide your marketing strategy.

**Your market.** Understanding who your prospects are and what makes them tick is crucial to defining the right acquisition strategy.

**Your competition.** Who are they and what are they doing marketing-wise? With everyone vying for the same deposit dollars, your strategy must evaluate competitive challenges.

**Your product offer.** Your success also requires a compelling product offer that supports your goals and appeals to your target prospects.

**Your marketing budget.** A consistent and targeted direct marketing program will stretch your dollars further in terms of acquiring the right account holders, and it is far more cost-efficient than other media.

(Continued from page 11)

"Account acquisition is the first step in the marketing continuum," says Merrifield. "After that, you focus on engagement, growth and retention. It's a winning strategy."

To learn how Acquisition Accelerator™ can help you apply smarter strategies to acquiring more checking households and deposits, go to [www.harlandclarke.com/marketing](http://www.harlandclarke.com/marketing), contact

your Harland Clarke account executive, or call 866.609.8609. Also see how we streamlined the acquisition process for one financial institution in Client Cases on page 13.



# Welcome to the Neighborhood

According to the U.S. Census Bureau, 14 percent of the U.S. population relocates every year. This translates to some 40 million people, many of whom seek out a new bank or credit union in the process. Not surprisingly, direct mail response rates from new-move lists are almost twice as high as those generated by other household acquisition lists.

The best time to reach new neighbors with your message is during the 90-day time span before and after the move. "You need to reach them quickly and efficiently, before your competition does," says Merrifield.

Therefore, an ongoing direct mail program, such as Acquisition Accelerator™, is a smart choice. One feature of Harland Clarke's Acquisition Accelerator Program is the new-mover database. Harland Clarke's new-mover database—compiled from national and regional sources—is updated several times a week. It incorporates such information as U.S. Postal Service NCOA (National Change of Address) data, new telephone and utility connections, and subscription address changes.

Of course, the goal of any direct mail program is not just high response rates, but also new accounts. To do that you need to factor in demographics, your product offer and the creative execution. "It's a balancing act," adds Merrifield.

When reaching out to new movers, consider these facts:

- The vast majority of moves, nearly 60 percent, are local (within the same county). Yet research shows that new movers often change their financial provider, even if their new home is only a few blocks away.
- Convenience is the most important consideration when people choose a new financial institution. Is it close to home and work? Are ATMs readily available?
- Movers are more likely to switch financial institutions than any other group of consumers and are more apt to establish long-term financial relationships.

## Client Cases

### A Financial Institution

# Makes All the Right Moves to Reach New Movers

#### Situation

A large regional financial institution had a new-mover acquisition program that was not performing as effectively as it had anticipated. The financial institution had struggled to identify and target the most receptive acquisition prospects in a timely fashion. Although the institution had some ability to identify attractive prospects, processing and production times hampered its ability to capitalize on the window of time following the move, when new movers are most likely to open new accounts.

#### Solution

Aware that the two key success factors in event-triggered marketing campaigns, such as new-mover acquisition programs, are *audience selection* and *timeliness* of the communication, the financial institution turned to Harland Clarke Marketing Services to improve its processes. Harland Clarke Marketing Services implemented a turnkey approach to processing data, introducing recurring automated updates to customer lists. These process improvements allowed for customer lists to be updated weekly, resulting in direct marketing programs that reached the financial institution's target market at the time when financial decisions were being made.

Additionally, Harland Clarke Marketing Services worked with the financial institution to streamline processes to remove current customers from the list and target new prospects based on a geographic radius. As file processing speeds continued to improve during an 18-month period, Harland Clarke Marketing Services tested a variety of mailing frequencies to see which would be the most effective. Included in the test were single-contact, two-contact and three-contact approaches. It was determined that the two-contact campaigns outperformed the others as far as response rate and return on investment.

In addition to improving processing times and enhancing the analytics used to target new movers, customized creative was developed to capture their attention. The creative materials utilized digital printing technology to enable a high degree of personalization, including a competitive offer unique to new account holders.

#### Results

During an 18-month period, the success of the program was measured using a test versus control methodology. The consumers who received targeted and timely communications, enabled by Harland Clarke Marketing Services' acquisition program, consistently exceeded the acquisition of new accounts from the control group. The incremental response rate generated by Acquisition Accelerator has consistently ranged from 250 percent to 300 percent above the non-mover control group, providing a steady source of new households for the financial institution and reducing the cost of new-household acquisition by more than 40 percent.



## Events and Happenings

# Harland Clarke salutes GECU's Harriet May

Winner of the Herb Wegner Award

## CUNA GAC Sponsorship and NCUF Donation Demonstrate Harland Clarke's Ongoing Commitment to Credit Unions

For the first time under its new name, Harland Clarke was an exhibitor at the 2008 CUNA Governmental Affairs Conference, held in Washington, D.C., from March 2 to 6. One of that meeting's gala events was the Herb Wegner Memorial Awards Dinner at the Grand Hyatt Washington on Monday, March 3, hosted by the National Credit Union Foundation (NCUF). Representatives from Harland Clarke were pleased to attend.

And for good reason. "We had joined forces with Wescorp and Co-op Network to make a \$100,000 donation to NCUF and, as such, it was an honor to be recognized at the Major Donors reception," says Kristy Grayson, marketing director for Harland Clarke's credit union segment. "We were also delighted to show our support for Harriet May, president and CEO of Greater El Paso's Credit Union (GECU), who received the Herb Wegner Individual Achievement Award." GECU has been a Harland Clarke client for many years.

Harland Clarke also sponsored the conference shuttle busses, each bearing the slogan, *Are Your*



*Members Onboard? They Should Be*, a reference to Harland Clarke's onboarding program.

"Our presence and sponsorship demonstrated our continued commitment to credit unions," Grayson explains. "Our goal is to help clients discover and unlock the untapped potential in their member relationships."

### GECU's Harriet May: A Tireless Crusader for Financial Education

**"Ever since GECU was formed 75 years ago, our focus has been on teaching people to handle their finances wisely."**

May's award is named for Herb Wegner, a visionary who revolutionized the way credit unions serve their communities. The awards bearing his name recognize leaders of the credit union movement

who are blazing new frontiers that further the NCUF mission of making financial independence a reality for millions of consumers throughout the world.

May's win was in recognition of her heartfelt commitment and proactive approach toward the dream of home ownership for residents of El Paso. Her grassroots efforts established the El Paso Affordable Housing Credit Union Service Organization (CUSO) in 2002. And her leadership led to GECU being selected as one of eight financial institutions chosen to pilot an affordable home loan program in 2004 that has resulted in \$14 million in mortgages for qualified low-income residents.

"Ever since GECU was formed 75 years ago, our focus has been on teaching people to handle their finances wisely," says May. "With our CUSO and our Savings

## GECU's Savings Challenge '07

educational program on financial literacy to teach people how to manage their finances so they could buy a home. Everything was done in the interest of creating home ownership, generally for first-time home buyers, according to May.

Then in January 2007, GECU issued a call to El Pasoans to participate in a Savings Challenge to get financially fit. Approximately 75 families applied, and after a comprehensive selection process, six families were chosen to participate. Working with a GECU-assigned financial coach, each family set realistic goals as to how much they could increase savings and reduce debt over the coming year. At the end of the year, two winning families were selected based on how well they had reached or exceeded their financial goals. Each winning family was awarded \$10,000 and the remaining four families each awarded \$2,500.

One winning family increased savings by \$8,000 and reduced debt by \$14,000. The other winning family saved nearly \$10,000 and reduced debt by more than \$19,000. The others were successful in working toward their goals as well.

May notes her sense of fulfillment in helping others achieve financial security and home ownership. "We're a generation of 'I want it now' and it's hurting our country," she says. "And suddenly we

Challenge, we took a two-pronged approach."

The CUSO was primarily an

were actually having a bit of an impact here in our local community. That to me was the most fulfilling." She speaks of the joy she felt upon meeting new homeowners who had never dreamed they could own a home.

"We find such pride of home ownership," says May, adding that these new homeowners now know the basics of financial literacy, such as how to use a financial institution, how to stay away from payday lenders, how to make sure they get their earned income tax credits, how to not cash checks and pay a fee for that service, and how to balance a checking account.

She is thrilled and humbled to follow in the footsteps of former GECU president and chairman, R.C. Morgan, who was a recipient of the first Herb Wegner Memorial Award in 1989. "He was a mentor to me and so many of us have spent our lives trying to do what he set out as being important," she says. So winning the same

award is, as she puts it, "the crowning glory."

As for other credit unions considering embarking on similar programs, May advises taking the risk. "Always do your research first. But sometimes you have to take that chance and say, 'We can do this.' The best things often are risky."

She is also quick to point to all the wonderful work being done by credit unions throughout the United States. "I just happened to be recognized for our work," she says. "But that doesn't mean there aren't other good or better programs going on all the time. I think that is just indicative of the credit union difference. There are so many other neat ideas, if you look around. It's just incredible."





HARLAND CLARKE™

## HOW DO WE TURN NON-MEMBERS INTO NEW MEMBERS?



### Activate Your Potential for Member Acquisition.

You've worked hard to build a strong credit union with programs that are appealing to potential new members. The key is connecting with them to tout the benefits of member-ownership and change old perceptions about exclusivity. Harland Clarke helps you optimize your communications strategy and effectively reach out to potential members. With true insight and the services you've come to expect, Harland Clarke is here to help you succeed.

#### What is your credit union's potential?

Find out more from your account executive or write us at [www.harlandclarke.com/contactus](http://www.harlandclarke.com/contactus).