

AN NCR DIGITAL BANKING CASE STUDY: Grow Checking Relationships with Promotion Suite Plus

Financial Institutions have been growing their indirect lending portfolios in an attempt to boost interest income, yet this “hands off” group of consumers presents additional wallet-share opportunities. Evansville Teachers FCU is taking advantage of targeted digital marketing campaigns to further engage its indirect members.



“Our indirect auto-loan members are a challenging group to engage. Our goal is to establish a checking relationship, which ensures a long-term profitable membership. Promotion Suite Plus has proven to be our most successful and cost-effective method of communicating with these members.”

– **Brent Joyce, Vice President Marketing,**
Evansville Teachers Federal Credit Union



**EVANSVILLE TEACHERS
FEDERAL CREDIT UNION**

For more information, visit ncr.com/financial-services or email ncr.financial@ncr.com, or Jason.Weinick@ncr.com.





KEY HIGHLIGHTS

Company:

Evansville Teachers Federal Credit Union, Indiana, USA

Industry:

Digital Retail Banking

Challenge:

To become the primary checking relationship with indirect members.

Solution:

- NCR's Digital Insight™ Promotion Suite Plus – enables ETFCU to reach remote, indirect auto-loan members with customized, targeted, digital marketing campaigns that drive engagement, sell more products and increase wallet share.

Results:

- 80 indirect auto-loan members were converted to checking relationships
- Which leads to over \$11,000 annually in increased revenue for the credit union
- A 3 to 5 year short-term auto-loan relationship is now a long-term profitable relationship

THE CUSTOMER

Evansville Teachers Federal Credit Union (ETFCU) is one of the largest credit unions in Indiana, serving members in all 50 states, with branches in southwestern Indiana and western Kentucky. With \$1.4 billion in assets, over 190,000 members, and 13 branches, ETFCU is thriving, providing products and services with the greatest financial returns to their membership.

ETFCU has served its members with NCR's Digital Insight™ Online and Mobile Banking since October 2013 and implemented NCR Interactive Teller in June 2017.

THE CHALLENGE

ETFCU's indirect auto financing program increased production substantially beginning in 2015. The credit union developed relationships with auto dealerships in their local area, as well as an expanded region, as a strategy to increase income. The efforts were highly successful, resulting in the rapid growth of indirect members. Currently, 58% of the credit union's members have been obtained through the indirect channel and consequently have a low overall level of engagement with ETFCU.

ETFCU aims to reach indirect members to become their primary checking provider, as checking products generate a higher share of wallet and elongate the member-financial institution relationship, ultimately yielding a more profitable member. Says Andrea Brown, Director of Market Data at ETFCU, "The checking relationship is in the center of our strategy. It provides a great value to our members, while creating a highly engaged and highly profitable relationship for the credit union."

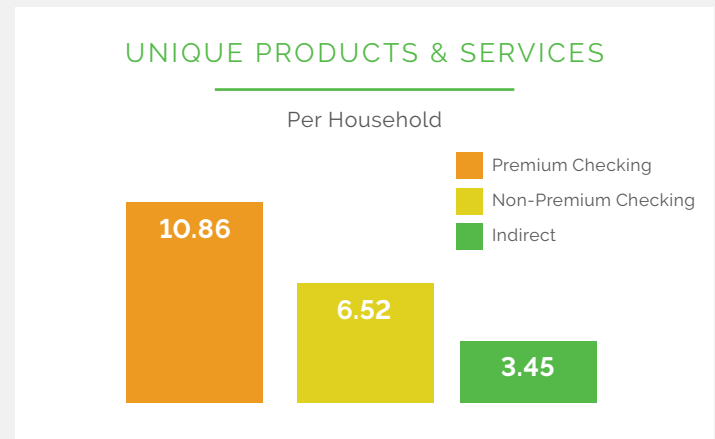
Developing engagement with this hard-to-reach population is a huge objective for the organization, as indirect members are their fastest growing segment with a 25 percent annualized growth rate.

ETFCU's indirect members become members primarily by getting vehicle loans through auto dealerships who are not necessarily within close proximity to an ETFCU branch. Only three percent of the indirect auto-loan members have a checking relationship with ETFCU. This is in large part because these 100,000+ members typically don't live near any branches, so they never come in and are rarely exposed to ETFCU's brand. Although the indirect auto loan members are making their monthly auto loan payment to ETFCU, the credit union does not have email addresses for these members most of the time. The only communications many of these members receive are quarterly statements.

Indirect auto-loan members typically only have 2 financial products and services with ETFCU, and just over 3 financial products/services for those that use online banking. "We measure our members' engagement through average number of unique products and services," says Brown. "Products include checking accounts, savings accounts, loans, credit cards, etc. and services could be online banking, mobile banking, debit cards, and similar things that enhance their membership. We find that our members with checking accounts are significantly more engaged than our members without a checking account, as illustrated by the graph to the right.

The more products and services a member has, the more engaged they are and the lower the risk of attrition. Indirect auto-loan members are less engaged, and therefore we have a greater risk of losing them once the loan is paid off and they no longer feel they need our services."

On average, ETFCU's core members have over 6 financial products and services, and that number exceeds 10 per household for those that have premium checking accounts, which pay a high dividend rate or bonus points to qualifying members each month—plus the reimbursement of ATM fees assessed by other institutions.



When ETFCU moves indirect members into these checking relationships, they anticipate more than a \$142 boost in annual income per member.

"The more products and services a member has with ETFCU, the more engaged they are and therefore less likely to leave the credit union. Also, the more products and services a member has with us, the fewer they will have with another financial institution and the more likely we are to be a member's primary financial institution."

**– Andrea Brown,
Director of Market Data, ETFCU**

THE SOLUTION

ETFCU chose Digital Insight Promotion Suite Plus because they could reach indirect members through online and mobile banking, with whom they couldn't communicate effectively through direct mail or even email.

Promotion Suite Plus empowers ETFCU to deliver relevant and targeted digital messaging to their members based on individual presence and profile. The Promotion Suite Plus Campaign Manager makes it easy for the financial institution to create and place campaigns across online and mobile banking channels, select targets and track results. Members are contacted at the right time with the right products and services to meet their specific needs and interests.

"Our communication with indirect auto loan members is limited due to a lack of email addresses and the sheer expense of direct mail to such a large group. We know, however, that many of these members are making their loan payments through ETFCU's online and mobile banking channels. We felt Promotion Suite Plus provided the perfect opportunity to connect with these members while they were active in our digital channels," explains Brent Joyce, Vice President Marketing, Evansville Teachers Federal Credit Union.

ETFCU surveyed the indirect members who did have an email address on file to determine why they did not have checking accounts with ETFCU and what they were looking for in a great checking product. Responses for the former included a lack of branch proximity and even lack of awareness of who ETFCU was. Responses for the latter included monthly cash rewards, free ATMs, and high dividend rates.

Indirect Members found monthly cash rewards to be the most enticing message to open an ETFCU checking account, followed by free ATM transactions for out-of-network machines, which is extremely important given that over 70% of indirect Members are not within close proximity to an Evansville Teachers branch and/or ATM.

THE SOLUTION BENEFITS

Beginning in February 2016, ETFCU strategically targeted 25,000 indirect auto loan members in the Promotion Suite Plus campaign segment. As indirect auto-loan members made their monthly loan payment via ETFCU's online or mobile banking channels, the member was exposed to personalized messaging touting the benefits of an ETFCU checking account. The credit union received 12,636 impressions and 319 "yes" clicks. In the three months that they ran their campaign, they converted 12, 13, and 55 new checking accounts respectively. ETFCU didn't focus as much on the success rate when they ran indirect campaigns, as they know these members are much less likely to respond. The credit union was happy with the absolute numbers and continues to learn how to improve the future campaigns.

ETFCU will continue to utilize Promotion Suite Plus as a part of their communications strategy with indirect auto-loan members. This segment is fast-growing and digital channels are the best way to reach them. "Each time we target this audience we learn from our results. We feel that continued messaging is key with this group, as is testing different approaches", says Brown.

Indirect auto-loan members feel branch proximity is important when choosing a primary financial institution, so a crucial part of ETFCU's communication will include a message that online and mobile banking services can accommodate most financial transactions between the member and the credit union. The credit union does not charge their members a fee for using out-of-network ATMs, and they reimburse fees charged by other institutions up to \$15 per month for premium checking account members. Additionally, indirect auto-loan members indicated in the survey that monthly cash rewards were most enticing to open a new account.

ETFCU will continue to communicate with members in new ways through Promotion Suite Plus, such as utilizing additional space in mobile or push notifications. As more members move to mobile and bypass online banking, this is going to be critical and campaign success will hinge on these abilities. NCR is excited to be a part of ETFCU's journey and help supercharge their growth.

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\$50
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with ETFCU's
Vertical CHECKING
HIGH DIVIDEND | FREE ATMS ANYWHERE!

	RATE	POTENTIAL MONTHLY EARNINGS
VERTICAL CHECKING	3.00 % APY <small>on up to \$15,000 balance</small>	\$52.61 <small>\$37.61 Dividend \$15 ATM Reimbursement</small>
German American Bank	0.05% APY	\$0.64
Fifth Third Bank	0.03% APY	\$0.38
Old National Bank	0.01% APY	\$0.13

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Vertical Checking dividends calculated based on daily balance for a 31-day month. All earnings calculated using daily accrual method. Annual Percentage Yield is accurate of 10/28/2016. Dividends not paid on balances above \$15,000. There is no minimum balance requirement to earn a dividend. Rate may change after account is opened. Fees could reduce earnings. Some requirements apply. Competitor rates as listed 10/28/2016 for Interest Checking on bankrate.com. All account requirements must be met in order to qualify. ATM fee reimbursement limited to \$15 per account per month. Refund paid on the last day of the month. Federally Insured by NCUA.



“Our advice to other financial institutions is don't be afraid to try different things! If one promotion does not work as expected, it does not mean it was a failure. There are always lessons to be learned. Take a close look at your results and see what you can apply to your next campaign. Promotion Suite Plus allows you to run campaigns on a small scale or a large scale—without a large investment.”

**– Andrea Brown,
Director of Market Data,
Evansville Teachers
Federal Credit Union**

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