Shopper Alert™

Prescreened Loan Offers to Active Borrowers Within One Day

Helping your financial institution make the right loan offer to the right borrower at the right time

HARLAND CLARKE®

Target active borrowers with *the right loan offer* at *the right time*

Shopper Alert™ is a turnkey loan marketing solution that notifies financial institutions when consumers are applying for loans.

Within 24 hours of a trigger alert by the leading credit bureaus, Shopper Alert allows the bank or credit union to engage the borrower with a prescreened loan offer by phone, direct mail or email.

It covers:

- Mortgages
- Home Equity
- Pre-mover (Multiple Listing Services)
- Auto loans
- Credit cards
- Personal loans

Identify active loan shoppers

Focus on creditworthy applicants

Engage via phone, direct mail or email

Offer risk-adjusted loan products

Loan Growth Among Top Goals for Financial Institutions

Over 75 percent of credit union chief executive officers (CEOs), and nearly 25 percent of bank CEOs, say that growing consumer loans is a top business priority.[1] Opportunities for consumer lending have been expanding in recent years as Americans demonstrate a willingness and capacity to borrow more for mortgages, autos and to refinance existing debt — especially while interest rates remain low.

Optimistic Outlook for Lending

Much has changed since the mortgage-backed securities crisis in 2008 put a hold on consumer lending worldwide. In the ensuing years, the American loan market has rebounded to pre-recession levels.[2]

Consumer sentiment is optimistic, creating demand for all consumer loan classes. Overall consumer spending, including credit card spending, is up.[3]

Automobile lending was the first to recover and remains strong. Borrowing costs remain low, gas remains inexpensive and vehicle purchasing incentives remain attractive to consumers.[4]

Home equity loans continue to be driven by increase in home values and improved economic conditions. Consumers are reinvesting in their homes with projects they had previously postponed.[5]

Mortgages are at pre-recession levels. Lenders in the U.S. are expected to issue more than $1.1 trillion in mortgage originations in 2017, an 11 percent increase from 2016 and the highest since the housing bust in 2008.

By 2024, demographic and economic changes could trigger one of the largest housing expansions in history — with 15.9 million additional households. During the next decade, demand for housing will grow significantly, boosting housing construction and financing of all kinds, owner-occupied and renter-occupied, single family and multifamily.[6]

Credit card usage continues to increase. In 2015 (the latest year on record by the Federal Reserve), the number of credit card payments in the U.S. reached 33.8 billion for a value of $3.16 trillion — increasing by 6.9 billion and $0.61 trillion since 2012.[7]

Intensifying Competition Among Lenders

As demand for credit has increased since the financial crisis, so too has competition among lenders. Industry lending sources have expanded beyond banks and credit unions to include investment banks, hedge funds, private equity firms and government-sponsored enterprises such as the Federal Home Loan Mortgage Corporation (FHLMC, or Freddie Mac) and the Federal National Mortgage Association (FNMA, or Fannie Mae).

At the same time, financial institutions face increased competition from non-industry peer-to-peer (P2P) lenders, including consumer-focused Lending Club and Prosper® and small-business lenders Funding Circle® and Kabbage.® Although still a relatively small slice of the overall lending pie ($20 billion in 2015), the P2P slice is expected to expand to $150 billion by 2025.[8]

Overall, U.S. non-financial institutions accounted for $1.2 trillion in loans in 2015, about half of consumer loan originations nationwide.[9]

1 Cornerstone Advisors, "What's Going On in 2016," February 2016

2 *Federal Advisory Council and Board of Governors Meeting Notes*, September 7, 2016

3 Ibid.

4 Ibid.

5 Ibid.

6 Reuters, "U.S. home mortgages will surpass $1 trillion in 2017: MBA," October 25, 2016

7 FederalReserve.gov, "The Federal Reserve Payments Study 2016," December 22, 2016

8 Banking Frontiers, "P2P Lending Here to Stay," May 2016

9 *Federal Advisory Council and Board of Governors*, May 4, 2016

Shopper Alert: Expand Loan Business to Generate Additional Revenue

Right now, 3 to 5 percent of your existing account holders are shopping for loans.[10] Wouldn't it be nice to know who they are and what types of loans they're shopping for — so your financial institution can get that business instead of a competitor?

With Shopper Alert, you can. You'll know right away which of your account holders are looking for loans, what types of loans they're looking for, and whether they meet your underwriting criteria. You'll be able to send them a prescreened loan offer within 24 hours of an inquiry alert from the leading credit bureaus via phone, direct mail and email.

How Does Shopper Alert Work?

[10] Harland Clarke client data, 2015-16

The Power of Prescreen

Shopper Alert works with the leading credit bureaus to scan the market for real-time consumer loan activity. When a match with one of your account holders is found, your institution receives an alert. The system then automatically screens each borrower's creditworthiness against your underwriting criteria.

Prescreening lowers the guesswork for loan applicants, easing their anxiety about whether they'll be denied credit, and increasing the likelihood they'll accept your offer. With Shopper Alert, you can focus your marketing resources on prime borrowing candidates — saving you time and money.

CLIENT RESULTS

Financial institutions using Shopper Alert have enjoyed significant growth in their loan portfolios while reducing loan acquisition costs.

$65-$80	**Cost per loan**
4-6%	**Response rate**
50%	**Funded rate**[11]

Reach Borrowers Quickly Via Multiple Channels

Timing is key. On average, 60 percent of borrowers commit to a loan offer within one week of initiating their search.[12] Engaging borrowers as soon as possible in the process is crucial to success.

Likewise, a strategic mix of direct mail, email and phone communications enhances the likelihood the right candidate will receive and accept the right offer.

With Shopper Alert, each borrower receives a prescreened offer that meets the Fair Credit Reporting Act guidelines.

Harland Clarke Recommends Prepare for follow-up phone calls

Improve your loan acquisition results with timely and consistent communications. This means following up via phone after sending an offer via mail and/or email. If you don't have in-house phone resources available, Harland Clarke offers a dedicated contact center to manage outbound calls on your behalf.

	No Calls	Client makes calls	Harland Clarke makes calls
Response Rate[13]	**3%**	**5%**	**6%**

[11] Harland Clarke client data, 2015-16.
[12] Ibid.
[13] Ibid.

Additional Value Provided by Shopper Alert

By providing strategy development, advanced analytics, creative content, communications, and results analysis, Shopper Alert helps financial institutions to:

- Maximize marketing dollars by promoting to prospects identified with highly predictive propensity models
- Go beyond basic ZIP code targeting to target prospects at a Census Tract level to support Community Reinvestment Act initiatives
- Enable more customized offers through specialized home loan triggers such as Mortgage Refinance, Purchase Mortgage, Home Equity and Multiple Listing Services

Javelin Strategy & Research has reported that banks and credit unions are more likely to achieve primary financial institution (PFI) status with their account holders by offering credit when it's needed most.[14]

Available training. Harland Clarke offers professional support to enhance Shopper Alert results.

Harland Clarke Recommends Make a good first impression

Review your institution's protocol for welcoming new loan customers. Work with Harland Clarke to build a seamless onboarding process that integrates the strengths of your available in-house resources.

Shopper Alert™

[14] Javelin Strategy & Research, "Convert 'Silent Attrition' into Banking Engagement and Profits," February 2015

Getting Started With Shopper Alert

Shopper Alert can be up and running in 8-10 weeks.
Here's what to expect during the set-up period:

WEEK ONE

- Kick off meeting
- Develop marketing objectives and strategy
- Submit credit bureau paperwork
- Assess telemarketing options
- Establish your financial institution's credit criteria
- Provide account holder list
- Start receiving active trigger alerts

WEEK TEN

Harland Clarke Recommends Analyze existing account holder data

Take advantage of Harland Clarke's free 30-day look-back analysis to better understand your account holders' actual behavior.

Complimentary Look-Back Analysis

For a real-world snapshot of account holder activity, Harland Clarke offers a complimentary 30-day look-back analysis. Using your institution's own data, this weeklong examination often serves as an eye-opener to:

- Activity by loan type
- Number of account holders triggering a credit inquiry
- Percent of account holders applying for loans at competing financial institutions

To learn how Shopper Alert can help your institution pursue its loan marketing goals, including higher response rates and lower costs per loan, contact Harland Clarke today.

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Shopper Alert™