

Marketing Minutes

Another Refi Boom!

By Charles E. Gross, Vice President

Today's low mortgage rates can be expected to not only help the sale of new homes, but also trigger a wave of mortgage refinancing activity. People whose current loans may be only a few months old that have variable rates or higher fixed rates will be looking to change.

Competition for a piece of the refi pie is already fierce, and trade publications report that many mortgage companies have hired additional personnel to handle the increased volume. Your bank should be proactive in going after mortgage refi prospects. And don't forget to communicate with your own customers before your competition gets to them!

Target Marketing

To generate qualified leads for your bank's mortgage lending officers, consider using target

marketing techniques. An informative mailing package can educate borrowers that the old 2% rule for refinancing is no longer viable. Mailings can bring people to your web site where valuable



have already demonstrated that they have good credit. And while some loan officers may balk at promoting low rate refinancing to borrowers whose loans are held in the bank's portfolio, it is better that these customers get their next loan with your bank instead of from the competition.

Deposit customers can also be selected based on the data you already have or, if necessary, demographic information such as homeowner-ship and length of residence can be appended to your existing records and selections made accordingly.

Highly targeted refinance offers can also be sent to non-customers. In many areas of

the country, information from recorded mortgage deeds is compiled into useable marketing databases. In addition to name and address, marketers can make selections on such items as loan amount, date of the loan, and even the lender... which can be valuable if you want to avoid mailing

to less credit worthy people who borrow from finance companies instead of banks.

So, if you are looking to stimulate leads for your loan officers, contact your WordCom representative for a no-obligation proposal.



information such as current rates should be available, along with a handy refi calculator for estimating the payback period.

The Target Audience

The best place to begin is within your own customer base. These are people who are already predisposed to using your services, so the response rate from this group will be about twice that of raw prospects.

Among the customer segments you should consider are higher rate mortgage customers and home equity borrowers. These households

An informative mailing package can educate borrowers that the old 2% rule for refinancing is no longer viable.

In This Issue

- Don't miss the refinance boom . . . 1
- Communicating your Privacy Policy 2
- Mailing options for your newsletter 2
- Let them skip a payment 3
- Selling FREE Checking 4
- Selling more debit cards 4

Privacy Policy Update

George Wachtel, President

The Privacy Policy clock is ticking! By this time, most financial institutions should have finalized the details of their own Privacy Policy statement and many have already communicated with their customer groups.

While the regulations require that all required opt out notices and initial notices must be delivered before July 1, 2001, according to *The American Banker*, "Most big banking companies have started complying with landmark consumer privacy protection requirements or are poised to do so."

Although regulators are urging institutions to move quickly, according to Bankers Systems' web Privacy website, most institutions are likely to key in on the final mandatory compliance date of July 1. And they stress, "While that deadline may seem a long time away, there is much to be done in the interim."

Statement Inserts vs. Separate Mailings

In some cases, banks may be able to include their privacy notice as an insert in a regularly scheduled mailing, such as monthly checking and NOW account statements. However, many customers have relationships

that do not provide such an opportunity. In these cases, a separate mail communication may be necessary.

How you deal with the privacy and confidentiality of your customers' financial information is of paramount importance in retaining their trust and confidence. In fact, controversies over bank handling of customer information have already generated negative headlines.

Mailing Schedule

To meet the July 1st deadline – when your customers must receive your institution's Privacy Policy – you need to be in the mail no later than mid-June. For that to be accomplished, your first steps must start no later than early May. If you need help with this critical communication, WordCom can help make your job easier. *Call us today.*



Newsletter Delivery Options

By Michael Wolford, Vice President and Senior Database Marketing Consultant

What is the best way to have your newsletter delivered to your customers and prospects? Following design and content, effective delivery of newsletters has a definite impact on readership ... and perception.

There are four primary methods of getting your newsletter into your reader's hands: statement insert, self-mailer, envelope and envelope with letter. Each has strengths and limitations that should be carefully weighed against budget, product/message and targeted market.

Statement Insert

This method is usually the most cost efficient and is best with high volume/single focus newsletters (e.g. credit card) and not with HNW, business or investment/trust markets. The downside is the newsletter competes with statements, buck slips, notices, etc. during the 2-5 seconds a reader reviews the statement contents.

Self Mailer

A significant benefit is that mailing independently allows consolidation by household (instead of for every account), reducing production costs; and allows for market segmented newsletters. Limitations are: the newsletter often appears like other "flyers" in the mailbox; the blank

panel needed for addressing reduces space available for content; and the folding process hides the masthead and lead article headline.

Envelope Insertion

Mailing the newsletter in a personalized envelope greatly helps to segregate the piece from "junk mail" and flyers. Surveys show a higher degree of readership with this format than the first two, especially among seniors, up-scale, trust/investments and business markets. This process does incur additional expense in envelope production and insertion.

Envelope And Letter

To position the newsletter as an integral part of a marketing communication, it can be delivered in a personalized envelope with a separate cover letter. The letter may introduce the first newsletter, be a note from a senior officer discussing current topics, a survey of suggested topics, or an invitation to a special event. Besides cost, care must be given to have a clear message in each mailing.

There are pros and cons in selecting a delivery for a newsletter program, reflecting on image and perceived importance of both the recipient and communications program itself.



Skip-A-Loan Payment Campaigns

By Vineeta P. Bauer, Vice President and Senior Database Marketing Consultant

How would you like to generate customer goodwill and fee income at the same time? "Skip a loan payment" campaigns have proven to be very successful at accomplishing both of these objectives.

Customers appreciate having the opportunity to skip their loan payment at cash crunch times of the year and don't mind paying a \$25 or \$35 processing fee. With average response rates from 5% to 25% (depending on the fee amount and how often the offer is mailed), the return on investment is very good.

Peoples National Bank

Peoples National Bank, located throughout Southern Illinois, conducted a Skip-A-Payment campaign in November 2000, allowing their customers to skip either their December or January monthly loan payment for a \$35 processing fee. The campaign resulted in a 27% response rate and a 642% return on investment.

"What makes our Skip-A-Payment effort so successful," said Stacy Flota, Marketing Director, "is that we give weekly updates to our personal bankers and they follow up with phone calls and postcards. Communication and follow-up are the keys to success."

In the Peoples National Bank mailing, the customer's account number was pre-filled in the coupon section and the monthly payment amount that they could skip was included in the personalized letter. The positioning of the campaign was to help lighten the financial strain of the holiday season.

The Target Audience

Send your Skip-A-Payment offer to your existing installment loan customers (excluding mortgage) who have a good repayment history and have at least a few loan payments left. Work with your Senior Lending Officer to determine the final criteria such as number of months on the books to qualify for the offer, number of acceptable late payments (we recommend 0 late pays), number of payments left, etc.

The recommended months to mail are May (before the high peak vacation season) and November (before the spending holiday season).

Positive Customer Feedback

Once you start conducting Skip-A-Payment campaigns, your customers will get hooked and will call you if you don't mail them a skip pay letter the following year!

Check with your compliance officer to see if you can charge a processing fee in your state, because rules do vary from state to state. If you can't charge a fee, you can still earn interest income from extending the loan payment by one month. If you are in a few different states that have varying rules, you can have different copy versions with the appropriate information.

So, if you are looking to generate customer goodwill and an attractive return on investment, contact your WordCom representative for a no-obligation proposal.



On The Web



For more information about all of the diversified services we offer to help you attract more customers, be sure to visit our Web site.

www.wordcom-inc.com

How to Grow Debit Card Programs

By Vineeta P. Bauer, Vice President

Are you interested in generating more fee income? Promoting debit cards is a very effective strategy to accomplish that goal.

New Debit Card Solicitation

Consider pre-approving current ATM cardholders for a debit card and automatically sending them a new debit card in the mail. Use an opt-out negative response vehicle. Send them a letter first; and then unless the customer calls and declines the offer, send out their card three weeks later.

Acceptance rates can be as high as 99% using this strategy and approximately half of the customers will activate their debit card right away, which means the return on investment will be very high. You can also have a second copy version for non-ATM cardholders and request that they sign the certificate and mail back the coupon if they would like a new debit card.

Existing Debit Card Activation

Activating existing debit cards is also very important in generating fee income. Discussing the benefits of the debit card, such as world-wide acceptance and safety when traveling, can be covered in a self-mailer or personal letter.

Offering a cash rebate of 1% (with a \$100 maximum for one month) will motivate inactive cardholders to use their card during the peak summer vacation season and the winter holiday season. Many financial institutions have found the 1% cash rebate offer to be effective — with response rates ranging from 4% to 38% — and easy to administer from a back room perspective.

Check with your compliance officer to see if you can implement the profitable strategies mentioned above. Then to jump start your debit card program and increase fee

income, contact your WordCom representative for a no-obligation proposal.



How To Sell FREE Checking

The toughest account to sell has always been the basic retail checking — because customers need strong motivation to move this core account.

Here are some quick tips:

- Test cash bonus vs. free gift offers
- Give the customer their first order of checks free
- Buy back their old checks
- Include information about a Free ATM Card/Debit Card.
- Create a "switch kit" so it is easy for new customers to switch their direct deposit, automatic loan payments, etc.

Do you need to promote your core checking product? Contact us for more ideas and suggestions.



Contact your Regional Marketing Consultant today!

CHARLES E. GROSS, JR. – VICE PRESIDENT & SENIOR DATABASE MARKETING CONSULTANT
800-822-0622 Fax 860-872-2713
Charlie@wordcom-inc.com

TED B. NEWTON – VICE PRESIDENT & SENIOR DATABASE MARKETING CONSULTANT
813-253-5982 Fax 860-872-2713
Ted@wordcom-inc.com

VINEETA BAUER – VICE PRESIDENT & SENIOR DATABASE MARKETING CONSULTANT
888-275-7920 Fax 813-982-1682
Vineeta@wordcom-inc.com

MICHAEL R. WOLFORD – VICE PRESIDENT & SENIOR DATABASE MARKETING CONSULTANT
888-596-4491 Fax 407-657-5081
Michael@wordcom-inc.com

To request more information about our services, you can reach us at:

Wordcom Inc.
P.O. Box 308, 56 Main Street
Ellington, CT 06029
Telephone: 860-875-7373
Toll Free: 800-822-0622
Fax: 860-872-2713
www.wordcom-inc.com