

INFUSED.  
INTRIGUED.  
INNOVATIVE.  
**GET INSIGHTS.**  
INVIGORATED.  
INFORMED.  
INSPIRED

# LEAD WITH LOYALTY

## BOB LEGTERS

VP Loyalty Services – FIS



*Building relationships.* Strengthening credit unions.

**INVOLVE2011** | **CSCU**  
CARD SERVICES FOR CREDIT UNIONS

# FINANCIAL SERVICES LOYALTY PROGRAMS

## ENTERPRISE-WIDE REWARDS AND BENEFITS



# ENTERPRISE LOYALTY SOLUTION: *A HOLISTIC VIEW OF THE MEMBER*

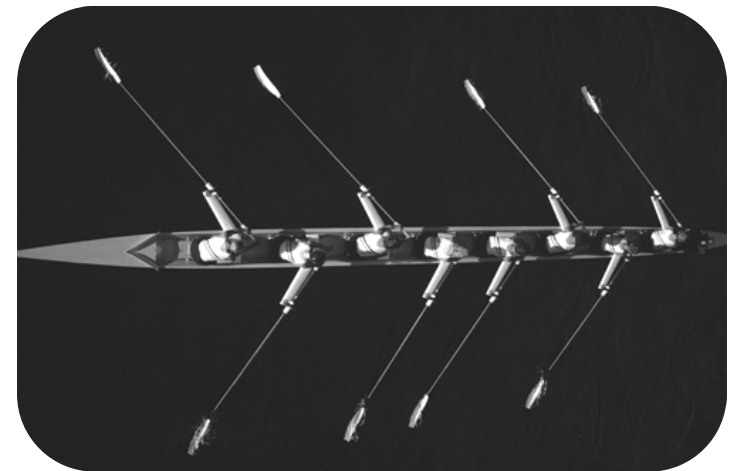
- 9 IN 10 INTERNET HOUSEHOLDS PARTICIPATE IN SOME TYPE OF REWARD PROGRAM
- 7 IN 10 PARTICIPATE IN ONE RELATED TO FINANCIAL PRODUCTS
- FINANCIAL REWARD PROGRAMS HAVE BEEN FOCUSED ON INCREASING USAGE OR TRANSACTIONS
- PROVIDERS SHOULD CONSIDER ORIENTING REWARDS TOWARD INCREASING BALANCES, AS WELL AS BROADENING AND RETAINING RELATIONSHIPS.



*Synergistics: The Future of Rewards Programs*

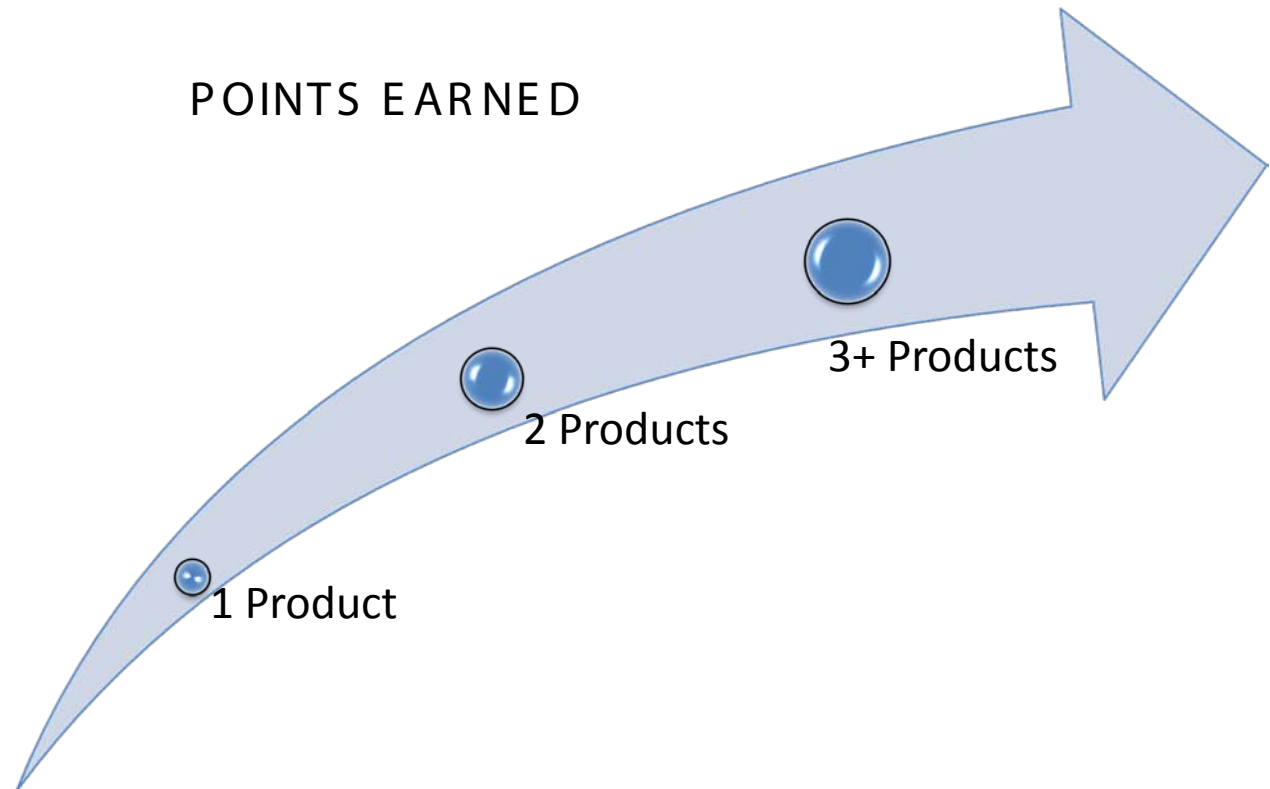
# CREDIT/DEBIT REWARDS

- SERVE AS FOUNDATION FOR ENTERPRISE REWARDS PROGRAMS
- ENCOURAGE “TOP OF WALLET” PLACEMENT BY REWARDING MEMBERS WITH POINTS OR CASH BACK FOR TRANSACTIONS MADE WITH CREDIT AND/OR DEBIT CARDS.
- PHILOSOPHY
  - $E = M \times P$ 
    - Effort = Motivation x Perceived Opportunity to Earn
  - Drive value to members
  - Incent behavior, not achievement
  - Live within funding
  - Balance “do more, get more”
  - Multi-channel marketing



# RELATIONSHIP REWARDS

REWARDING MEMBERS FOR THE STRATEGIC AND AGGREGATE VALUE OF EACH OF THEIR RELATIONSHIPS WITH THE CREDIT UNION USING A COMMON CURRENCY/SHARED AWARD .



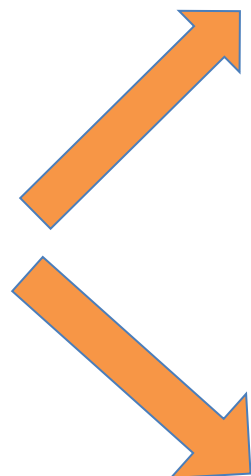
# RELATIONSHIP REWARDS – STRUCTURE



- Products/Services
- Longevity
- Customer Referrals
- Usage
- Balances
- Number of Accounts
- On-time Payments
- Other Value Adds



- Merchandise
- Travel
- Experience
- Cash/Gift Card
- Financial Credit
- Fee Waivers
- Product Discounts



## Tangible Results

- Increased Revenue
- Increased Sales
- Higher Retention Rates
- Higher Customer Profitability

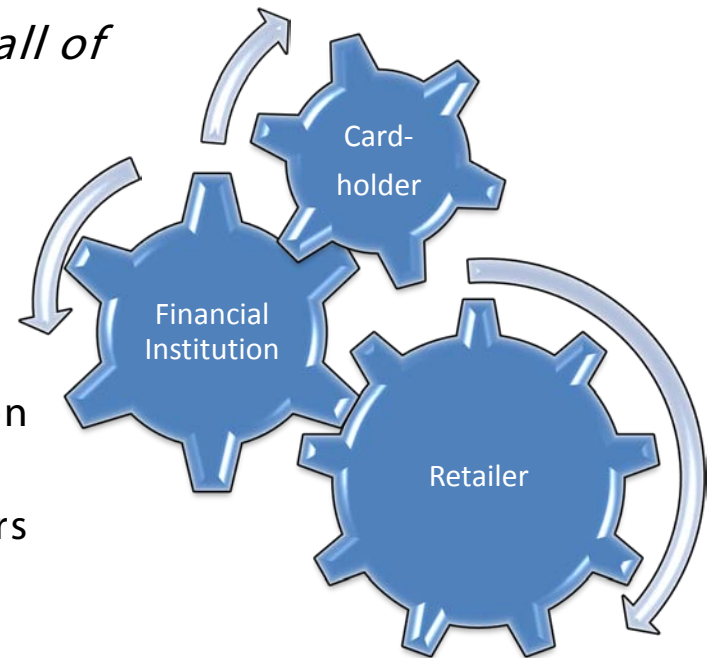
## Intangible Results

- Competitive Advantage
- Higher Customer Satisfaction
- Higher Word-of-mouth Advertising
- Increased Brand Perception

# MERCHANT - FUNDED REWARDS

A PAY FOR PERFORMANCE MARKETING PROGRAM THAT FOCUSES CARDHOLDER SPEND WITH SPECIFIC MERCHANTS IN EXCHANGE FOR FUNDED BONUS POINTS.

*Bringing benefits to all of the moving parts*



- Drives incremental revenue through increased spend
- Assists with member satisfaction, acquisition and retention
- Accelerates earnings available to cardholders
- Increases rewards program value



# EMBEDDED BENEFITS

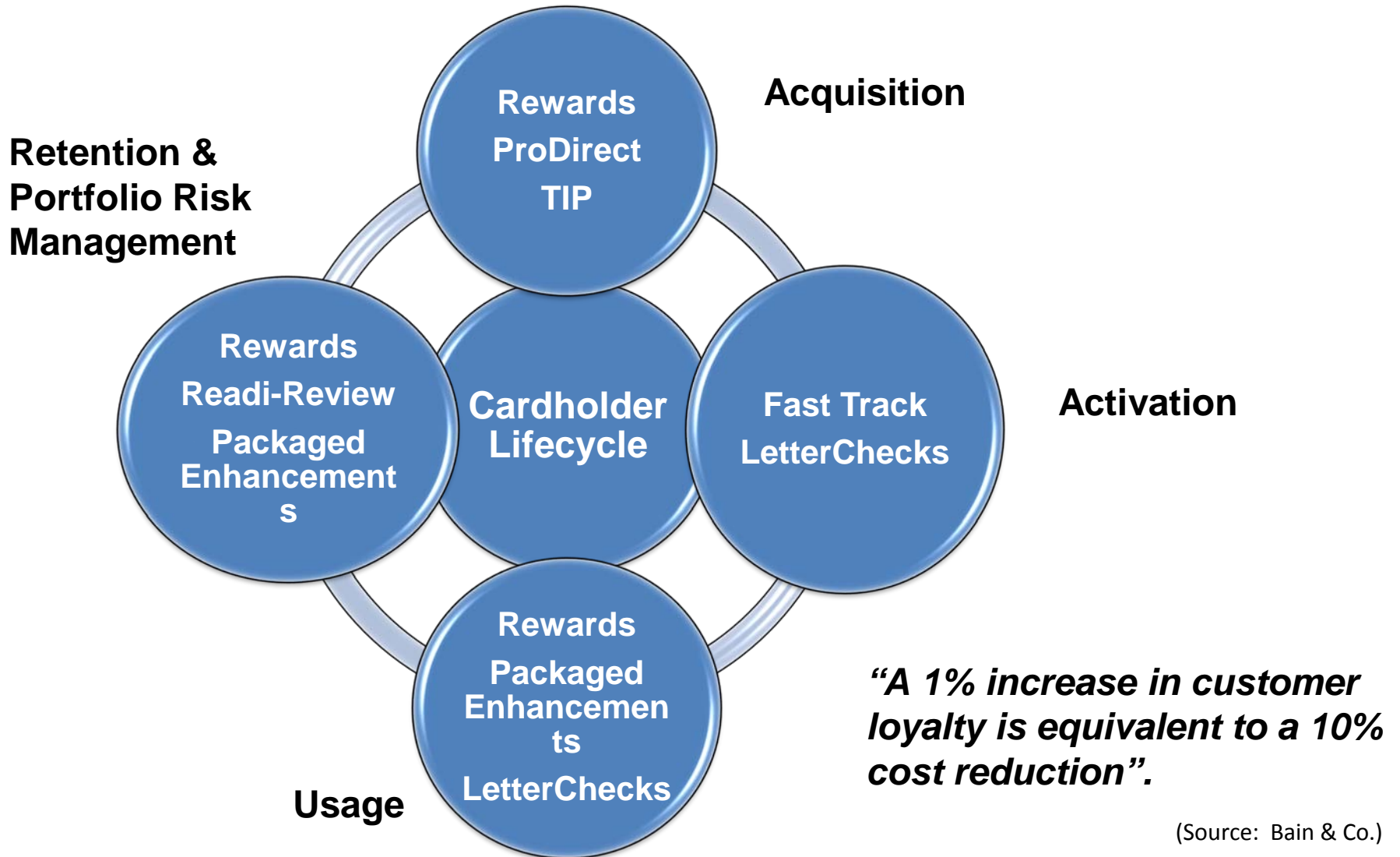
*“Customer loyalty accounts for 38% of margin, 40% of revenue growth and 38% of shareholder value”.*

Differentiated Delivery of Commoditized Benefits

(Source: Accenture Research)

<u>Category</u>	<u>Sample Benefits</u>
Auto	Roadside Assistance; Engine Diagnosis; Mechanics Helpline
Dining & Entertainment	Discounts on Dining, Entertainment, and Shopping; 24x7 Concierge
Health	Discounts on General Medicine, Dental, Vision, Hearing, and Preventive Care
Home	Discounts on Carpet Cleaning, Paint, Picture Framing, and Moving Supplies
Insurance	Accidental Death & Dismemberment (AD&D); Travel Accident Insurance
Protection	Card Registry; ID Protection & Monitoring; Extended Warranty
Savings	Rebates on everyday purchases; Discounts on Thousands of Products
Small Business	Discounts on Business Equipment, Delivery Services, Postage, and Tax Preparation
Travel	Discounts on Travel; Online Trip Planning

# LIFECYCLE PROGRAMS



(Source: Bain & Co.)

# HIGH YIELD CHECKING

Increased Revenue Streams <-> Increased Member Engagement

Launch Model	Free to Fee
Opt-In	Self-Selected Enhancements
Retail	Traditional Model
Pay as You Go	Sign Up Once; Pay for Use
Incentives	Limited Time Benefit Access (Trials)

*“A 5% increase in customer retention results in a 75% increase in aggregate lifetime profits from an individual customer”.*

(Source: AAIA)

# CONSUMERS SPEAK

PROVIDERS SHOULD VIEW REWARD PROGRAMS ASSOCIATED WITH CHECKING ACCOUNTS AS ACCOUNT RETENTION AND RELATIONSHIP BUILDING TACTICS.

- MORE THAN FOUR IN 10 CONSUMERS SURVEYED HAVE HEARD OF THESE TYPES OF REWARDS.
- ONE-THIRD OF THOSE AWARE INDICATED THEY PARTICIPATED IN A CHECKING-BASED REWARDS PROGRAM.
- CURRENT PARTICIPATION TENDS TO BE MORE PREVALENT AMONG THOSE WITH HOUSEHOLD INCOME OF \$100K+ AND MODERATE AND HEAVY DEBIT CARD USERS.
- CASH REBATES AND REWARD POINTS ARE THE MOST POPULAR TYPES OF REWARDS.

*Synergistics – The Future of Rewards Programs, February 2010*

# CONSUMERS SPEAK

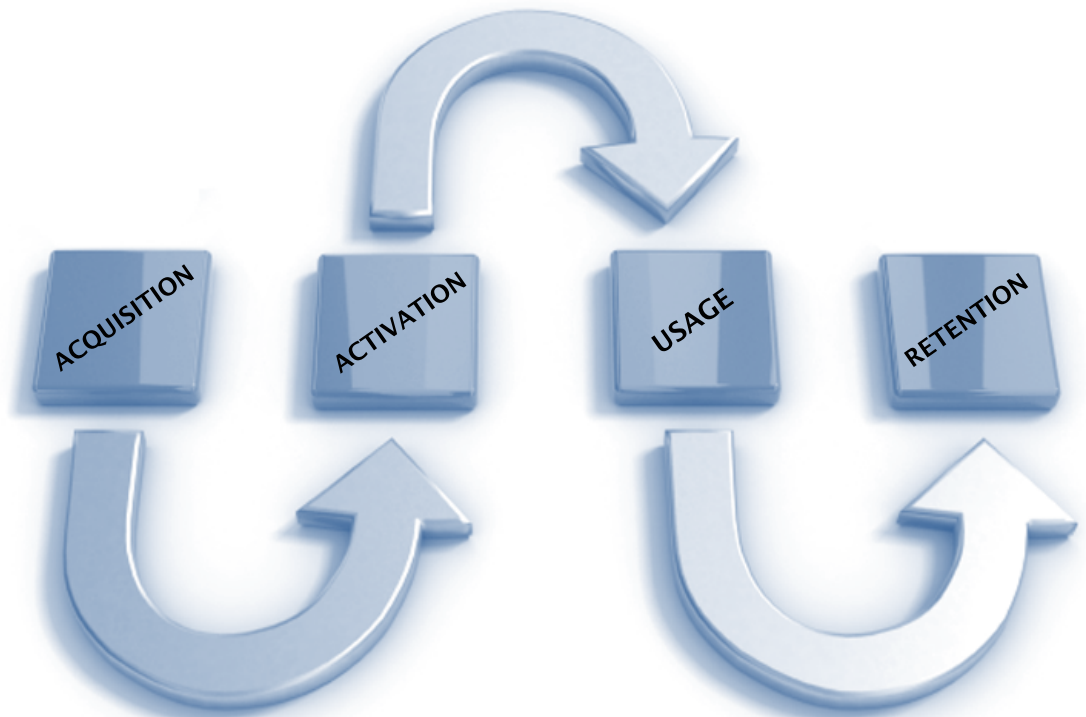
- SIX IN (10) OF THE PARTICIPANTS FEEL THE PROGRAM MAKES THEM LESS LIKELY TO SWITCH PROVIDERS.
- MORE THAN ONE-THIRD OF RESPONDENTS INCREASED THEIR MONTHLY SPENDING ON A DEBIT CARD.
- OVER ONE-QUARTER OF RESPONDENTS OPENED ANOTHER ACCOUNT WITH THE INSTITUTION.
- OVER ONE-FIFTH INDICATE THEY INCREASED THE BALANCES IN THE ACCOUNTS THEY HAVE WITH THE INSTITUTION.

*Synergistics – The Future of Rewards Programs, February 2010*

# SUMMARY

CREDIT UNIONS SHOULD BEGIN MOVING MEMBERS TO REWARD PROGRAMS THAT EMPHASIZE RELATIONSHIP FACTORS:

- OPENING NEW ACCOUNTS
- MAINTAINING AND INCREASING ACCOUNT BALANCES
- KEEPING LONG-LASTING ACCOUNT RELATIONSHIPS (THOSE PARTICIPATING IN THESE PROGRAMS APPEAR TO VALUE THEM, WITH MORE THAN EIGHT IN TEN).



# THANK YOU