



Consulting and Marketing Services

*Advisors Plus Portfolio Growth Guidance
Helps One Nevada Change Its Members' Luck*





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Overview

Client Profile

One Nevada Credit Union's enduring commitment to the citizens of Nevada traces back to the early 1950s when two credit unions that would later merge — the Nellis Air Force Base Federal Credit Union and the Las Vegas City Employees Federal Credit Union — formed from modest beginnings. After numerous mergers throughout the 1980s and conversion to a state charter in 2011, One Nevada will celebrate its 66th anniversary in 2016. As the state's largest locally-based credit union, One Nevada has over \$770 million in assets and serves 77 thousand members through its 14 branches and cutting-edge mobile banking technology.¹

Business Challenge

The state of Nevada was hit hard by the economic downturn of 2008-09 and in its wake, many of One Nevada's members found themselves underwater on their mortgages and deeply in debt. One Nevada wanted to support the economic recovery and liquidity needs of its members while moving prudently to mitigate its own portfolio risk.

The Solution

In 2011 and 2013, Advisors **Plus** Credit Card Consulting recommended improvements to One Nevada's collection procedures, optimization of its credit lines and an upgrade to the Visa Signature® card suite for One Nevada's creditworthy members.

One Nevada then turned to Advisors **Plus** Marketing Services in 2013 to design a calendar of balance transfer and card activation campaigns that have run each year since, with consistently exceptional results.

The Results

Together, One Nevada's three balance transfer/convenience checking campaigns have brought in nearly \$5.4 million in new balances and achieved response rates as high as 8.09 percent.

One Nevada's four credit card activation campaigns each surpassed typical industry benchmark response rates, often by dramatic margins ranging from 17.02 to 35.4 percent.

Total dollar outstandings and average last statement balances grew during each campaign and have ranged from \$318 to \$737.

¹ www.onenevada.org



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The Great Recession of 2008-09 hit the state of Nevada especially hard — and One Nevada's members were no exception. At one point, 75 percent of One Nevada's mortgage-holding members were underwater and many more had found themselves deeply in personal debt.

Challenging Market Conditions

Since then, Nevada's overall economic picture has brightened considerably, but One Nevada's market challenges remain unique in several key respects: Over half the residents of Nevada have blemished credit, while many of the state's workers — especially in Las Vegas and Reno— are young and transient.

Many wage earners remain unbanked and payday loans are often the rule. And because Nevada's abundant military and hospitality jobs often require working at odd hours, One Nevada has found that its members prize the flexibility that its large network of ATMs and its forward-thinking approach to mobile banking technology provide.

Advisors Plus Portfolio Recommendations

Advisors **Plus** first began working with One Nevada in 2011 when Credit Card consultants Steve Thompson and Mike Gulledge conducted One Nevada's first portfolio strategy review. "Even then, One Nevada's overall risk profile was surprisingly good," recalls Gulledge. "But we were also seeing huge charge-offs and negative ROA. We discussed modifications to collections, charge-off and recovery processes, along with establishing a minimum C/B score. Additionally, we told One Nevada's senior management that they needed to grow their good dollars to dilute their bad dollars."

By 2013, when Advisors **Plus** returned for a follow-up portfolio review, the economic picture in Nevada had improved considerably. Real estate losses had been brought under control and One Nevada's loan-to-share ratio was rapidly improving.

To continue its portfolio recovery, Advisors **Plus** recommended that One Nevada:

- enhance its collections procedures
- segment its membership to offer different credit card products for different member needs
- consider credit line increases for One Nevada's creditworthy members

Senior management reacted cautiously to Advisors **Plus**'s recommendations, arguing that One Nevada's mission was to be a force for market stability rather than growth.

BACON Checking Comes to Town

By the summer of 2013 however, Greg Barnes, One Nevada's Senior Vice President of Marketing was shaking things up on the membership growth front with his now-legendary BACON checking account acquisition campaign. BACON stood for "Bad A\$\$ Checking One Nevada" and the campaign featured a bacon theme on radio, TV commercials and billboards.

In a state famous for its all-you-can-eat buffets, BACON served up One Nevada to a new generation of members hungry for access to banking services.



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Can You Help Us Grow?

Following the success of BACON, "One Nevada literally called me one day," remembers Sue Liebau, One Nevada's PSCU Account Executive, "and they said, 'We're ready to grow our credit card business. Can you help?'"

As it turned out, Liebau did much more than help; she coordinated One Nevada, PSCU and Advisors **Plus** in a team effort to bring Visa's upscale Signature® card program to all of One Nevada's creditworthy members.

"One Nevada's goals were to grow the portfolios, grow interest, grow transactions and grow its percentage of active accounts," remembers Gulledge. After years of caution, suddenly everyone was united in their dedication to do everything possible to keep One Nevada's credit card portfolio growing.

Credit Line Increases Work Their Magic

With the new card suite in place, One Nevada was ready to implement Advisors **Plus**'s recommendations regarding credit line increases (CLIs). "We worked with One Nevada to craft a strategy that went from every member having a similar line independent of risk to giving members the right lines based on a matrix that utilized risk level, income and DTI," summarized Gulledge.

The credit line increases went into place in September 2013. Two months later, One Nevada Assistant Vice President, Maria Dlouhy, worked with Linda Calhoun of Advisors **Plus** Marketing Services to launch the first of what would later become an annual tradition of balance transfer and convenience checking campaigns.

Balance Transfer Campaigns Add Over \$5 Million

As Table 1 on the next page shows, the post-CLI response to the 2013 campaign was overwhelming across all measures. Compared with an identical baseline campaign run in 2012 before the credit line increases, the response rate increased 30 percent, from 5.9 percent to 7.66 percent. The 2013 campaign brought in balances of \$1.54 million, 43 percent higher than the level achieved by the 2012 campaign.

And the growth had nowhere near finished. One Nevada's balance transfer and convenience checking campaign run the next year between November 2014 and February 2015 gained even more momentum: The response rate was a whopping 8.09 percent and brought in an additional \$1.81 million in outstanding balances.

One Nevada's most recent campaign, run between December 2015 and February 2016, was the first to incorporate all of One Nevada's Visa Signature® card holders. The response rate was a robust 7.47 percent and the campaign had already brought in well over \$2 million in new balances as of March 2016.

Overall, versus One Nevada's baseline balance transfer and convenience checking campaign run in 2012, its 2013 decision to increase credit lines accounted for a total of nearly \$5.4 million in incremental balances held in 1,466 accounts over a two-year period.



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Table 1
Pre- and Post-CLI Balance Transfer/Convenience Checking Campaign Results

2012 Pre-CLI Campaign	Mailbase	# of Responders	Response Rate	Total \$ Amt	Avg Amt/ Responder	# of Checks	Avg Amt/ Check	Checks/ Responder
Total	5,696	335	5.9%	\$1,074,124	\$3,206	474	\$2,266	1.4

9/13 One Nevada CLI mailing	One Nevada notifies 8,017 members of credit line increases
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11/13 – 2/14 1 st Post-CLI Campaign	Mailbase	# of Responders	Response Rate	Total \$ Amt	Avg Amt/ Responder	# of Checks	Avg Amt/ Check	Checks/ Responder
Total	5,550	425	7.66%	\$1,544,768	\$3,635	630	\$2,452	1.48

11/14 – 2/15 2 nd Post-CLI Campaign	Mailbase	# of Responders	Response Rate	Total \$ Amt	Avg Amt/ Responder	# of Checks	Avg Amt/ Check	Checks/ Responder
Total	5,870	475	8.09%	\$1,808,169	\$3,807	715	\$2,529	1.51

12/15 – 2/16 3 rd Post-CLI Campaign	Mailbase	# of Responders	Response Rate	Total \$ Amt	Avg Amt/ Responder	# of Checks	Avg Amt/ Check	Checks/ Responder
Total	7,576	566	7.47%	\$2,025,029	\$3,578	847	\$2,391	1.50

Card Activation Campaigns Hit the Jackpot

Meanwhile, One Nevada had also been working with Kathy Johnson of Advisors **Plus** Marketing Services in late 2013 to craft the first of a series of credit card activation campaigns aimed at building usage of the new Visa Signature® cards.

As Table 2 on the next page shows, the results of those campaigns, eventually run in the spring and fall of 2014 and 2015, were stellar across the board:

- Percentage activation results were dramatically above the industry average of 20 percent in 2014 and continued to be extremely strong in 2015.



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- Activation percentages, total dollar outstandings and average last statement balances grew throughout each campaign, indicating strong top-of-wallet momentum for members once they began using their new One Nevada Visa Signature® cards.
- The spring and fall campaigns appear to show different marketing strengths: The spring campaigns show the most dramatic increases in percentage response rates over the six-month course of the campaigns, while the fall campaigns show a trend (pending Fall 2015 results) toward the highest growth in account balance dollars.

Table 2
2014-15 Activation Campaign Results

Campaign	# Solicited	# Activated	% Activated	Total \$ Outstandings	Avg Last Stmt Bal \$
Spring 2014 — Initial	1,087	287	26.40%	\$ 91,192	\$318
Spring 2014 — 6-Month Follow-Up	1,087	385	35.42%	\$157,352	\$409
Fall 2014 — Initial	1,225	301	24.57%	\$153,781	\$511
Fall 2014 — 6-Month Follow-Up	1,225	381	31.10%	\$280,892	\$737
Spring 2015 — Initial	1,442	303	21.01%	\$113,574	\$375
Spring 2015 — 6-Month Follow-Up	1,442	438	30.37%	\$199,972	\$457
Fall 2015 — Initial	1,474	251	17.03%	\$101,250	\$403
Fall 2015 — 6-Month Follow-Up	1,474	Results Available June 2016			

Changing Its Members' Luck

One Nevada made the commitment to stand by its members through challenging economic times and worked with Advisors **Plus** Credit Card Consulting over the course of two years to reduce portfolio risk and optimize credit lines.

One Nevada's careful, disciplined approach to credit card growth began to pay off handsomely in 2013 when, with the help of PSCU and Advisors **Plus** Marketing Services, it adopted the Visa Signature® card suite and launched a series of balance transfer/convenience checking and card activation campaigns that have achieved exceptional results.

Advisors **Plus** has been proud to partner with One Nevada to help it place the kind of analytical, considered portfolio and marketing bets that have not only been winners for it as a credit union but have helped change the future luck of One Nevada's membership for good.



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About Advisors Plus Consulting Services Credit Card Consulting

Advisors **Plus** Credit Card Consulting provides comprehensive credit card portfolio services to credit unions, including portfolio reviews and evaluations of products, marketing practices and financial performance.

Credit Card Consulting is designed to provide a credit union's management team with an in-depth view of its portfolio profitability, credit risk, and member usage to help it identify and capitalize upon untapped potential in its credit card product line.

An Advisors **Plus** engagement typically begins with a customized portfolio review which can include a P&L analysis, credit card products review, comprehensive scan, vintage analysis, risk and collections review, and assessment of how current credit card products are positioned and marketed through the client credit union.

A comprehensive report is delivered in writing and onsite with analysis, recommendations, and proposed actions to improve credit card portfolio performance.

About Advisors Plus Marketing Services

Advisors **Plus** Marketing Services provides leading-edge marketing capabilities using marketing intelligence to develop and manage successful marketing campaigns. By employing proven techniques such as data mining, predictive modeling and segmentation analysis, Advisors **Plus** Marketing Services helps credit unions maximize their marketing results by offering the right service at the right time to the right member.

Advisors **Plus** Marketing Services assists well over 200 credit unions each year on a customized, targeted basis, as well as structuring semi-annual new account acquisition and activation campaigns for more than 175 credit unions twice per year.

Advisors **Plus** Marketing Services mails over 3.25 million targeted direct mail pieces each year on behalf of participating credit unions. Using Advisors **Plus**'s targeted direct mail practices, modeling and segmentation techniques, credit unions achieve response rates and average balances well above industry standards, averaging 16% growth in balances and 5% growth in gross active accounts from year to year.



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About Advisors Plus

Advisors **Plus** serves as the consulting arm of PSCU, helping credit unions to meet their financial and business challenges and grow. The team provides practical, data-driven expertise in the areas of business strategy, credit cards, debit and checking, marketing growth campaigns, digital and branch channel engagement, and contact center and operations optimization.

With over 250 years of combined experience, Advisors **Plus** consultants partner with credit union management to provide actionable solutions for sustainable business growth, exceptional member experiences and measurable operational efficiencies. For more information, visit **AdvisorsPlus.com**.

About PSCU

Advisors **Plus** is an independent business unit of PSCU, the nation's leading credit union service organization (CUSO). Founded in 1977, PSCU is owned by over 800 Member-Owner credit unions representing 18.5 million credit, debit, prepaid, online bill payment, mobile and electronic banking accounts. 24/7/365 member support is delivered through call centers located throughout the United States that handle more than 18 million inquiries a year. For more information, visit **PSCU.com**.