



PSCU Visions:
Want a Top of Wallet Card Program? Here's How!



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Every year at Advisors **Plus**, we work with hundreds of PSCU member credit unions to help them grow their card portfolios into Top of Wallet businesses that

- create powerful sources of value and loyalty for their members and
- contribute strongly to annual earnings, often as much as 30 percent.

What we love most about our work—in addition to helping credit unions achieve industry-leading results, of course—is the opportunity to partner with you, our clients, in relationships that often span years and bridge many different functional areas.

Empowered Portfolio Managers Are Your MVPs!

We've noticed over those years that the key to our most successful relationships—and the Top of Wallet card programs that emerge from them—are what we call **Empowered Portfolio Managers**. These are the portfolio managers within your organizations who create synergies and bring people and departments together around powerful common goals like best-in-class service, unparalleled growth and cutting-edge risk management.

And the great news is that Empowered Portfolio Managers aren't born, they're trained! Every day, card programs at credit unions just like yours can take actions large and small to create Empowered Portfolio Managers and Top of Wallet card programs. In this special issue of *Visions* we will show you how by:

- Outlining the **keys to success** as an Empowered Portfolio Manager
- Taking you behind the scenes of a successful marketing campaign to meet Zain Hashmi of ORNL Federal Credit Union in Knoxville, TN. Through his eyes, you will **learn how his mindset as an Empowered Portfolio Manager evolved** and paid off big for ORNL's ongoing marketing growth.
- Providing summaries and links to two recent Advisors **Plus** POV white papers that will be of interest to Empowered Portfolio Managers as they work to create Top of Wallet card programs, maximize profits and minimize risks.

What IS an Empowered Portfolio Manager?

The phrase "Empowered Portfolio Manager" originated with Steve Thompson of the Advisors **Plus** Credit Card Consulting team in a CU Insight Community blog post entitled "***The Top 5 Strategies for Creating a Top of Wallet Card Program.***" Steve notes that, "An empowered

PSCU Visions: Want a Top of Wallet Card Program? Here's How!

portfolio manager, responsible not only for the bottom line profitability of the portfolio but the many factors that contribute to its performance, is the most powerful contributor to outstanding card programs that we see."

Steve is currently expanding on his concept of the Empowered Portfolio Manager as part of a soon-to-be-published Advisors **Plus** POV white paper to be entitled, "*Eight Critical Best Practices for Managing and Growing a Top of Wallet Credit Card Portfolio.*" Here's a sneak peek excerpt that looks at the factors that Steve feels are very important for today's entrepreneurial, Empowered Portfolio Manager to truly command the 360° view needed for his or her card business to achieve portfolio greatness.

The 8 Best Practices of Highly Empowered Portfolio Managers

An empowered portfolio manager sets the tone as a buck-stops-here manager with 'ownership' responsibility not only by managing the bottom line but by working with other senior managers to set expectations and track results across all of the following key areas:

1. Return on assets (ROA)
2. Product pricing and rewards programs
3. Underwriting and credit limit guidelines
4. Ongoing credit line management
5. Promotional activities and promotion response rates
6. Stimulating member usage and increasing 'share of wallet'
7. Fraud and credit loss management activity and results
8. Collection methods and results

Meet Zain Hashmi of ORNL: His Journey to Empowered Portfolio Manager

Zain Hashmi, Manager of the Special Loans Department at ORNL Federal Credit Union of Knoxville, TN has been a client of Advisors **Plus** Marketing Services since Spring 2011 when he began working with Kathy Johnson, Manager of Organic Growth Campaigns. After a decade at ORNL, Zain had just been promoted to his new position and was eager to spread his own enthusiasm about ORNL through new account acquisition programs.

When he first started, Zain had taken over his portfolio duties with a particularly strong background in underwriting but very little experience in marketing. As he and Advisors **Plus** developed a track record of success with structured campaigns however, Zain and his team felt ready by early 2013 to discuss his vision for launching a custom marketing campaign.

And Zain didn't envision just *any* custom campaign, as you will quickly see. With unswerving support, not only from ORNL senior management but from every operational area from branches to contact center, the Special Loans Department developed and executed a custom new account acquisition campaign that has significantly contributed to ORNL's astonishing 43.07% 12-month credit card loan growth!

PSCU Visions: Want a Top of Wallet Card Program? Here's How!

No detail, from the size of the logo on the direct mail pieces to the specially-scrubbed database of underwriting criteria to the contact center representatives who were personally auditioned for their friendly phone voices, was too small to escape Zain's attention. As he put it, "I tried to run the campaign that I wanted to receive."

Members were told in advance that they would be receiving the direct mail offer and special FAQ phone lines and online access were created. Response rates were scrupulously tracked, because as Zain points out "What does not get measured does not get performed efficiently."

New accounts began to activate immediately and thanks to an ongoing assist from branch marketing, have been building steadily ever since. Zain's most recent promotion, for example, yielded 464 new accounts.

It is probably not literally true that Zain Hashmi knows every ORNL member or credit card holder by name, but it is true that his portfolio knowledge, his ambitious growth goals, and the teamwork and support he has received from all areas of ORNL have worked together to create a paradigm for Empowered Portfolio Management that can inspire us all.

Staying Empowered in Today's Challenging World

Advisors **Plus** is committed to helping the portfolio managers of our PSCU member credit unions become and remain Empowered Portfolio Managers, and we do our best to provide up-to-the-minute thought leadership to provide insights on important economic, regulatory and business trends. Recently our Consulting Services group has published two important POV white papers that we'd like to call to your attention and summarize for you here.

- **Variable Rate APRs:** With the possibility of funding cost increases on the horizon and the reality of CARD Act portfolio re-pricing limitations becoming more onerous when rates do rise, Advisors **Plus** Credit Card Consultant Chris Joy is recommending that credit unions immediately begin to market all new credit cards with variable APRs and consider migrating existing portfolios toward variable APR pricing.

In his brand new must-read POV entitled, "***Transitioning Your Credit Card Portfolio to Variable Rate APRs: A Look at How...and Why Now?***" Chris Joy lays out the history behind the evolution of variable and non-variable rate APRs, analyzes long-term interest rate data and performs a sample portfolio stress test to show how vulnerable non-variable rate portfolios will be to rising rates.

He then outlines two detailed game plans that Empowered Portfolio Managers can use to migrate their existing portfolios out of the non-variable rate APR danger zone and into the relative safety of variable rate APR pricing.

PSCU Visions: Want a Top of Wallet Card Program? Here's How!

For additional reading by Chris Joy on this important topic, see also:

- ***"Editorial Perspectives: Move NOW to Variable Rate APRs: Here's Why and Here's How"*** reprinted from *CU Insight Community Blog*, November 6, 2013
- ***"Editorial Perspectives: Making the Move to Variable Rates: Why and How to Get Started NOW"*** reprinted from *Credit Union Business*, November 2013
- **Debit Interchange and Regulation II:** Sweeping changes to debit interchange and debit network exclusivity brought forth by the Durbin Amendment and Federal Reserve Regulation II have transformed the marketplace since 2010 and Advisors **Plus** Debit Consultant, Norm Patrick has been following them every step of the way.

Now, with a District Court decision that could overturn Regulation II and cause it to be rewritten, he has written a POV entitled, ***"Are Changes Ahead for Debit Interchange? Helping Your Credit Union Be Aware and Prepared."*** It is timely and vital reading, not only for debit portfolio managers but for any Empowered Portfolio Manager who wants to be ahead of the curve in understanding how to mitigate interchange and network risks and capitalize on possible opportunities while awaiting the appellate court's final verdict.

For additional reading by Norm Patrick on this important topic, see also:

- ***"Editorial Perspectives: Debit Interchange 2.0: Is Your Credit Union Optimized and Ready?"*** reprinted from *CU Insight Community Blog*, October 3, 2013
- ***"Editorial Perspectives: Durbin, Debit Interchange and Rewriting Regulation II: Will History Repeat Itself?"*** reprinted from *Credit Union Business*, October 2013

At Advisors **Plus**, it empowers us to empower you! For more POVs, case studies and our unique, interactive Instant Insight Diagnostics®, visit us at AdvisorsPlus.com.

For More Information

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PSCU Visions: Want a Top of Wallet Card Program? Here's How!

About Advisors Plus Consulting Services Credit Card Consulting

Advisors **Plus** Consulting Services 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 normally includes a P&L analysis, credit card products review, comprehensive scan, and assessment of how the 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.

In 2012, our average Net Promoter Score was 79 as measured by client surveys.

About Advisors Plus Marketing Services

Since 2005, Advisors **Plus** Marketing Services has provided leading-edge marketing services 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.

Today, Advisors **Plus** Marketing Services assists 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.

In 2012, Advisors **Plus** Marketing mailed over 3.25 million targeted direct mail pieces on behalf of participating credit unions. Using Advisors **Plus** targeted direct mail practices, modeling and segmentation techniques, credit unions have achieved response rates and average balances well above industry standards. Advisors **Plus** Marketing Services campaigns have helped credit unions achieve phenomenal growth in balances, with credit unions having on average 16% growth in balances and 5% growth in gross active accounts from year to year.



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About Advisors Plus

Advisors **Plus** was established in 2005 to provide consulting and marketing services to credit unions. Our range of services covers the key areas of strategy, credit cards, debit and checking, marketing, contact center, operations, and branch sales.

The experienced consultants at Advisors **Plus** work with a credit union's staff through the entire process from project analysis to implementation and management. Our goal is to ensure that each credit union client achieves sustainable business growth, exceptional member experiences and operational efficiencies.

As of December 31, 2012, Advisors **Plus** has superior NPS Scores of: 79 – Credit; 84 – Debit and Checking; 91 – Contact Center. For more information, please visit AdvisorsPlus.com.