

# Direct Mail a Dead Medium?

## Not so fast...

If you're considering direct mail as a medium to attract new credit card customers, but are discouraged by lackluster national response rates (.06 percent according to Synovate Mail Monitor report) take heart. Nangela Piersall, a strategic account manager at Fidelity National Information Services (FIS), says that ICBA Bancard issuers, who participate in the ProDirect direct mail service, collectively achieve credit card solicitation response rates in the neighborhood of 1.5 percent to 2 percent.

She points to Greenfield Banking Co., a \$327 million-asset community bank in Greenfield, Ind., For October 2007 the bank achieved a 2.61 percent response rate and in December 2007, a 1.92 percent response rate. Even more impressive, the community bank increased its new accounts by 34 percent, its outstandings by 108 percent and its portfolio's total revenue by 76 percent over the prior year.

So how did a medium size bank outperform national competitors without giving the card away?

### Bank of Greenfield Co.'s Results

- 108%** increase in outstandings
- 34%** increase in new accounts
- 76%** total revenue increase
- Plus,** Past dues decreased from 12.9% to 5.5%

The bank added the rewards program ScoreCard to all of its credit cards and offered fixed rates of 12.72 percent and 9.99 percent, with the lower rate going to customers with higher credit scores.

While a bank's credit card offer plays a significant role in increasing the response rate, don't downplay the importance of the hometown advantage, Nangela advises. "Think about it," she says, "If you receive a piece of mail from Bank of America or the local bank that you do business with, which piece are you going to open?"

Kathy Trautmann, assistant cashier and the card service coordinator at Greenfield Banking Co. agrees. "Our mailings were fairly close together and we were actually a little overwhelmed by the positive response we received."

And given that this was the first time customers had ever received a credit card solicitation from the bank, some feared it might be a scam, notes Renée Rupley, director of marketing and vice president for the bank.

"Once we assured our customers that the mailing was indeed from us, the typical response we received was, "Oh great, I'll send it in now," Renée says. ■

## Tips from a Community Banker like You, Kathy Trautmann's Best Practices

1. Set reasonable credit criteria. In today's economy a FICO score may not be the only indicator you use to ascertain an individual's credit worthiness. A more holistic credit review may be warranted.
2. If you have multiple household members applying for one card explain the differences between joint credit and authorized users and allow customers to make the selection that best suits their needs.
3. Make sure that balance transfers, convenience checks, retail sales and cash advances are set up correctly so that interest will accrue properly based on the transaction type.
4. Remember that the effort is worth the results.

## Arrange a Free Credit Card Portfolio Consultation Today

As a strategic account representative for Fidelity National Information Services, Nangela Piersall personally visits community bank clients in her designated territory and works with them to create a roadmap with step-by-step instructions to achieve their goals.

"My job entails reviewing a bank's portfolio and then looking for ways to trim the fat and cut expenses. I next offer strategies to help my clients improve their portfolio's profitability," she says.

If you're an ICBA Bancard participant and would like to discuss ways to improve your credit card portfolio, contact your strategic account manager and request an onsite visit. Alternatively, call ICBA Bancard at (800) 242-4770 or visit us online at [www.icbabancard.org](http://www.icbabancard.org).