

Case study:

SC Telco Federal Credit Union

Credit union exceeds ROI targets by more than 115 percent



SC Telco Federal Credit Union implemented an auto prescreen campaign using Experian's estimated interest rate calculation (EIRC) attribute and the Auto In the Market ModelSM product to increase its member base and book more auto loans for both new and used vehicles. With a single campaign, SC Telco booked 155 new loans, increased its membership by 55 individuals and lowered both new and existing members' interest rates on their current auto loans. SC Telco exceeded its return on investment goal by more than 115 percent.

Client

Since 1935, SC Telco has been providing financial products and services to residents and organizations throughout South Carolina. SC Telco currently has:

- More than 35,000 members
- \$186 million in assets
- Eight branch locations

The credit union is a small employee group (SEG)-based organization with nearly 400 SEGs and five underserved areas with a total population of 500,000 people. SC Telco's mission is to improve the financial lives of its members. SC Telco has won two Diamond Awards and three Merit Awards from the Credit Union National Association (CUNA) Marketing and Business Development Council.

Challenge/Objective

SC Telco wanted to continue to grow its loan portfolio by targeting its credit-qualified members who were in the market for an auto loan. Like many credit unions, SC Telco faced many challenges. For example, its membership base was saturated with auto loans, leaving little room for internal growth. Additionally, surrounding auto dealerships, competing credit unions and local banks were offering highly competitive incentives for new loans.

Resolution

Using Experian's EIRC attribute and Auto In the Market Model, SC Telco ran a direct-mail campaign with Experian. The campaign targeted members and nonmembers who had an existing auto loan financed elsewhere, were paying a higher rate than the credit union could offer or were in the market for a new auto loan.

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The EIRC attribute, when utilized with a prescreen, estimates the current interest rate being paid on an installment trade. With the use of Experian's EIRC attribute, SC Telco was able to target members and nonmembers currently paying a higher rate. In addition, members and nonmembers were able to lower their interest rates by as little as 2.6 percent to as much as 20.25 percent when refinancing with SC Telco.

In the Market ModelSM is a suite of seven industry-specific scores that predict the likelihood that a consumer will open a specific product type within 30 to 120 days from the observation point. Product types include auto loans and leases, bankcards, mortgages, home equity, personal finance, retail and student lending. The score range is 301 to 900, with the higher score representing those consumers who are more likely to open an account.

The SC Telco direct-mail campaign was a five-month auto loan promotion to approximately 20,000 prescreened members and nonmembers. The credit union offered the following:

- Interest rates as low as 4.9 percent
- No payments for 90 days and no interest for 60 days

Based on various credit attributes and a high In the Market Model score, there were four segments of recipients who received an offer:

- Current members who had an auto loan somewhere else and were paying a higher interest rate than SC Telco would offer — 940 direct-mail pieces sent
- Current members who were in the market to buy — 1,955 direct-mail pieces sent
- Nonmembers who had an auto loan somewhere else and were paying a higher interest rate than SC Telco would offer — 11,980 direct-mail pieces sent
- Nonmembers who were in the market to buy — 5,120 direct-mail pieces sent

Results

SC Telco evaluated the use of the EIRC attribute and Auto In the Market Model over this spring campaign. Results showed that the credit union received an average return on marketing dollars invested of \$6.29. Specific breakdowns of loans booked are noted below.

| Product | Loans \$ amount | Weighted average rate | Ten Months of interest income |
|---------------|--------------------|--|-------------------------------|
| Used auto | \$1,518,807 | 8.5% | \$107,544.19 |
| New auto | \$687,681 | 6.69% | \$38,338.19 |
| Totals | \$2,206,488 | | \$145,882.38 |
| | | Less promo cost | \$125,878.35 |
| | | Average return on market dollar invested | \$6.29 |

Overall campaign results:

Goal: \$11,500,000

Actual: \$13,272,562.91

Percentage of goal achieved:
115.41 percent

Amount over goal: \$1,772,562.91

Total booked from mailing:
\$2,206,448.41

Working with Experian, SC Telco exceeded its campaign goals. Jodi Powell, Director of Marketing at SC Telco states:

"The process was as simple as any I have ever done before. Experian provided everything I needed to complete my mailing and did so in a timely manner."

The credit union had such success with this program that it increased its membership by 55 individuals whose lead product was an auto loan, a very high-yielding product for SC Telco.

To find out more about SC Telco Federal Credit Union, contact your local Experian sales representative or call 1 888 414 1120.