

Signal Financial FCU Boosts Profitability with CO-OP Revelation, Increasing Signature Debit Transactions by 80 Percent

Case Study



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“CO-OP Revelation is an extremely valuable tool to help change behavior, grow revenue and add value for your membership base.”

– Humaira Akhter, Marketing Specialist, Signal Financial Federal Credit Union, Kensington, Md.

Benefits

- Optimize your debit card portfolio
- Identify where, when and how members are using their debit cards
- Increase transactions and profitability
- Easy-to-use analytics for card and transaction data

Challenging Economic Environment Calls for New System for Tracking Data

In today's down economy, many consumers are hesitant to spend money as freely as in past years. While debit card issuers have benefited from cardholders' reluctance to rely on credit, the number of transactions and amounts of purchases has still been affected. This, in turn, affects a card issuer's bottom line.

Interchange generated by debit card transactions is a good source of revenue for credit unions. It's good practice to know when and where your members are using their cards. It's also in your best interest to know how they're using them – are purchases being processed as PIN or signature transactions? CO-OP Revelation, a comprehensive portfolio management solution, is a web-based application which enables credit unions to learn this information and more.

Knowing crucial information about your members' debit card usage behavior is the first step towards maximizing interchange revenue. Depending on whether PIN or signature transactions are more profitable for your credit union, the next step is to encourage them to use your preferred method whenever they use their cards through targeted marketing campaigns.

Signal Financial Federal Credit Union, based in Kensington, Md., took advantage of CO-OP Revelation – a value-added benefit of CO-OP Debit membership – when the credit union noticed its debit card portfolio had stopped growing at “typical double-digit” rates. “Fewer members were signing up for debit cards, and those who were using them used them with less frequency and on smaller transactions,” said Humaira Akhter, Marketing Specialist. “On top of that, many of the transactions were being processed as PIN transactions, which are less valuable for us.

“While we could monitor new cards and transactions, we really didn’t have the tools to track specifics. After reviewing CO-OP Revelation webinar materials that were available on the CO-OP Financial Services website, we requested login information and started using the system in September 2009,” said Akhter.

Analyzing the Data to Elicit Change in Member Behavior

CO-OP Revelation, developed in partnership with Saylent Technologies, Inc., Franklin, Mass., features pre-built card groups to identify high- and low-transaction members. It also allows credit unions to create their own custom queries. The application houses 15 months of data.

“We tried out different queries to learn the true capabilities of the system,” said Akhter. “We can essentially segment our portfolio based on any information included in a transaction, as well as demographic information from our card file.”

To generate signature debit transactions among its underperforming signature users (1-5 signature transactions per month), the credit union ran a month-long promotion called “Nine & Dine.”

“The goal of the campaign was to incent our target group to make signature debit transactions nine or more times during the month of May. Those members who accomplished this received a \$50 Dining Dough gift certificate,” said Akhter. “In addition to helping us identify our target group, Saylent Technologies went above and beyond by helping us with our messaging, and designing a direct mail piece with our logo and card artwork to announce the promotion. This cost-effective turnkey marketing services package was exactly what we needed.”

Data from Signal Financial’s March 2010 transactions report was used to select the target group for the campaign. A new report was run after the close of the promotion at the end of May 2010 to measure its success.

“Our March report provided the baseline upon which we could see if we had managed to reach the right people,” said Akhter. “At the start of our campaign, this underperforming segment averaged 2.78 signature debit transactions-per-month. By the end of the promotional period, the same group was averaging 6.48 signature debit transactions per month. This is a 133 percent increase, which equates to an estimated \$2 in incremental revenue per card, per month!

“Our interchange revenue increased by 68 percent during this campaign and our purchase volume also saw an increase of 73 percent. We had set out to increase our signature debit transactions, which we did by 80 percent, and got a whole lot more,” said Akhter.

Prior to utilizing CO-OP Revelation, Signal Financial had a difficult time verifying the success of its debit card portfolio-centric marketing campaigns. “We typically participated in Visa-branded promotions that were sent to our entire card portfolio. This wasn’t ideal given our limited budget and resources,” said Akhter. “Now, we’re confident in the validity of our campaigns – the proof is right there in the numbers. We can’t wait to run our next one.”

Embracing the System

Signal Financial is already planning future marketing campaigns which target other segments of its membership. Since the credit union started using CO-OP Revelation, it has run three other promotions in addition to “Nine & Dine,” including one with a customized age demographics query that targeted 18-24 year-olds who are low-signature users.

“CO-OP Revelation has helped us identify our most profitable members and we’ve been extremely satisfied with this solution,” said Akhter. “It’s all about sending the right message to the right audience and offering the relevant incentive. CO-OP Revelation makes it easy to accomplish this.

“In the future, we look forward to becoming more autonomous with the reporting, and gaining the ability to manage and track future card regulations. With today’s challenging economy and tomorrow’s future regulations sure to impact our bottom line, now is the time to focus on growing the relationships we have,” said Akhter.

Let CO-OP Revelation Show You the Data

CO-OP Revelation is CO-OP Financial Services’ industry leading portfolio management tool, exclusively available for CO-OP Debit member credit unions. CO-OP Revelation lets you identify the most profitable transactions and card groups for your credit union so you can build targeted marketing campaigns to tailor and boost your members’ card usage behavior. Signal Financial Federal Credit Union did this and increased its debit interchange revenue.

Additional benefits of CO-OP Revelation include:

- Customizable or pre-defined database queries, such as low signature users.
- An easy-to-use web-based application with no installation or set-up necessary.
- As a CO-OP Debit Payment Processing client, your data is already in CO-OP Revelation, ready for you to use.
- No more costly mailings to your full membership hoping to reach your target conversions with the right messages.
- Staff to help every step of the way.

Contact us to learn more about how CO-OP Debit and CO-OP Revelation can benefit your credit union. Visit www.co-opfs.org/revelation or call (800) 782-9042, ext. 7140.

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