

Cbsi Loyalty Solutions grows credit union's cardholder base by 18%

Case study: Mid sized credit union

Client profile

Mid sized credit union located in Washington State

Situation

A 75,000 member credit union located in Washington State with 16 branches needed to compete with the larger financial institutions in the area. Their objective was to grow their credit card portfolio in both number of accounts as well as total retail spend. A secondary objective was to offer a rewards program that would allow for householding of all points so that as other financial products and services were promoted they could include bonus points back to the member.

Cbsi Loyalty Solutions recommended its core card loyalty program that accumulates participant points. In addition, the credit union was able to supply a relationship file that would allow for householding.

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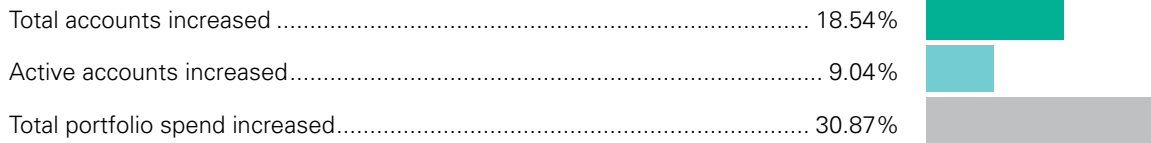
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Results

The program launched in May of 2008. As of May 2009, the following results have been observed:

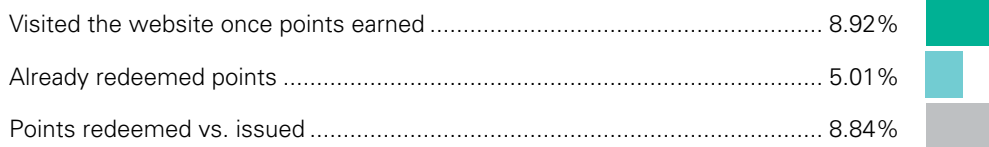
Account usage



Householding

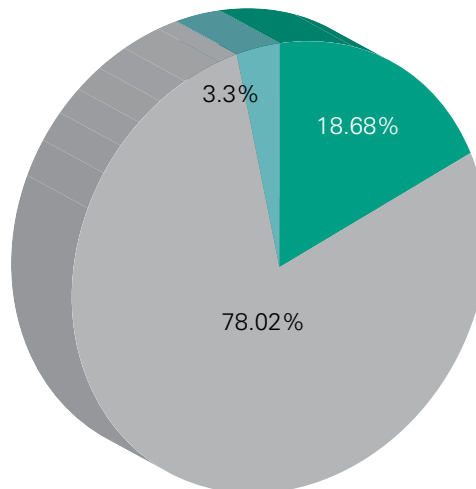
Points issued for other products: Over 1,000,000 to over 2% of card base

Cardholder engagement



Total redemption orders:

- Merchandise: 18.68%
- Gift cards: 78.02%
- Ticket credits: 3.3%
- Free tickets: 0.0%



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Conclusion

The credit union has yet to launch a new card acquisition campaign, however they have enjoyed over an 18% increase in their card base. This can be accounted for by the strong efforts that the branch locations are doing in direct communications to members.

Cardholder engagement numbers may appear light with only 8.92% of active cardholders visiting the redemption website, but as an industry average, even for mature programs, the range of 10% is a standard. The percentage of points being redeemed runs slightly ahead of the industry standard of 5% to 8% that can typically be experienced after one full year. As this program matures, members will begin to earn enough points for items that require more points, such as free travel and therefore, redemptions will increase in that category.

As this credit union continues to communicate the benefits of the rewards program and ties in the ability to earn points on other retail products and services, cardholder engagement will continue to grow as will the overall profitability of their financial institution.

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