

Boost Credit Card Penetration

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Credit card portfolio penetration is an area where most credit unions have an excellent opportunity for growth. The average credit union's penetration rate is just 14%, which can be a result of either a non-competitive credit card program or simply just not enough marketing. On average, 100 new, active cardholders will earn your credit union, an additional \$19,080 in Annual Revenue (See Table).

Revenue Source	Current Income per Active Account*	New Cardholders		
		100	250	500
Finance Charge Revenue	\$228	\$13,680	\$34,200	\$68,400
Interchange Revenue	\$74	\$4,440	\$11,100	\$22,200
Fee Revenue	\$16	\$960	\$2,400	\$4,800
Potential Revenue Increase	\$318	\$19,080	\$47,700	\$95,400

* Based on Active Accounts at 60% and CSCU Averages as of 12/31/2007

So, what can credit unions do to help increase their penetration?

If you want to be successful in acquiring new credit card accounts in today's market, you need to offer a competitive product. Consider what the competition is offering. I guarantee the competition is offering platinum, introductory and/or balance transfer promotional rates, competitive rates, and enticing reward programs. The most common reasons members pick an alternative credit card is for those exact reasons. You should regularly review the solicitations that you personally receive and honestly ask yourself if your program is competitive. If you are convinced your program is competitive, then it's time to actively seek new cardholders. But, you must realize that everyone responds differently to different marketing channels. Some will open a direct mail solicitation, and some will recognize an advertisement on your website. The key is to have a well-rounded acquisition campaign that maximizes all marketing channels.

Best Practices

- In-branch marketing – Utilize cost effective in-branch marketing tools such as, teller pins, tent cards, posters, banners, and take-ones.
- Employee Incentive – Encourage staff to cross-sell your credit card by offering an incentive. Incent for acquisitions and balance transfers.
- Direct Mail/Pre-approvals –Dare to be different! Make the solicitation stand out. Make the offer clear, concise and simple to accept.
- Outside advertising – Credit unions are having more and more success with radio, billboards, and TV.
- Intro/Promotional Rates – Incentive pricing helps acquire NEW and ACTIVE cardholders. Rates 3-5% lower than your standard rate works best.

- Visa and MasterCard promos – CSCU often provides FREE marketing kits to help you leverage brand recognition.
- Misc – Take advantage of all channels, including: your website, newsletter, ATM signage, auto-attendant messaging, and statement inserts.

Member credit unions that put out a competitive product and all encompassing acquisition marketing strategy have great success! I would be happy to discuss any of these strategies in further detail, just email me blehman@cscu.net or call 888-930-CSCU.