

## The Right Product, Price, and Promotion Net Big Gains for NJ Credit Union

Taking a stagnant card program and turning it into a highly prized product isn't an easy feat, especially in the midst of a collapsing economy. When First Financial Federal Credit Union of Wall, New Jersey, set out to overhaul its credit card program in late 2006, it had no idea of the financial crisis soon to sweep the nation.



The credit union's \$12 million card program had been languishing partly because of the limitations of its card processing platform, which made it difficult to execute card promotions. The \$161 million credit union moved more than 5,400 card accounts to TNB Card Services, a leading provider of electronic payment processing services for credit unions, shortly before the economy took a turn.

By converting to TNB, First Financial tapped into a wealth of card expertise and capabilities that has enabled the credit union to build a financially solid card portfolio. After a thorough analysis of First Financial's card portfolio, TNB developed and recommended a plan to revitalize it through strategies designed to increase usage and drive interchange income, a key goal for the credit union.

For starters, TNB helped First Financial modify its credit policy to strengthen its underwriting capabilities. This allowed First Financial to evaluate cardholders on an individual basis, rewarding high value cardholders with lower rates and better products, and improving its ability to manage risk.

A Platinum card was introduced to attract new cardholders, along with TNB's Rewards2U<sup>®</sup> loyalty program. Gold cardholders in good standing were also offered the new Platinum card, along with 1,000 reward points to thank them for upgrading. Within 24 months of introducing the Platinum card, First Financial grew its active cardholder base 27 percent, to nearly 7,000 card accounts.

Alice Stevens, First Financial FCU's chief operating officer, explained that "The Platinum card brought new life to our card portfolio. Our members have taken notice and responded by applying for the card and, more importantly, by using it. Since

introducing the Platinum card in 2008, average net retail sales have grown five percent and net income is up seven percent.”

In addition to enhancing its card products, First Financial began aggressive marketing to make its card the first choice for cardholders. In 2008, First Financial executed more than a dozen of TNB’s turnkey marketing campaigns, yielding more than \$3 million in outstanding balances. This brought the total balances outstanding to more than \$17 million, a 39 percent growth since its 2006 conversion to TNB.

Leveraging the economic conditions and members’ concern about credit card APRs, First Financial took advantage of TNB’s life of balance (LOB) rate. This gives cardholders the opportunity to transfer balances from high-interest accounts to its card, with rates ranging from 3.9 to 5.9 percent for as long as it takes the cardholder to repay the balance transferred. Within six months the credit union offered two separate LOB balance transfer promotions, generating more than \$1 million in new card balances. Because of the flexibility of TNB’s processing platform, First Financial has been able to extend the LOB rate to new cardholders who transfer balances to the First Financial card within 30 days of activating their new card.

Cross-selling First Financial’s credit card has also become a core part of every employee’s role. “We put a lot of emphasis on our cards,” said Stevens. “Our loan origination system automatically approves cards for members who come in for other types of loans. Employees are encouraged to cross-sell our card when members are applying for other loans. We are very aggressive about getting cards into members’ hands.”

Stevens added that First Financial provides incentives for employees to persuade cardholders to transfer balances to the credit union’s card.

“The LOB rate, along with TNB’s other marketing promotions have really strengthened our portfolio,” Stevens pointed out. “Without the promotions and expert counsel we receive, our card program would not be as strong as it is today. Before TNB our card portfolio was withering, and TNB resuscitated the program.”

###