

## Life of Balance Rates Boost Credit Union Card Portfolios

In an uncertain economic environment, credit unions can help their members with debt consolidation and at the same time gain valuable member loyalty. As consumers look for better rates and new ways to manage their expenses, balance transfer promotions can help them reduce the interest they spend each month on their revolving debt. In addition, balance transfer promotions effectively build the outstanding balances of a credit card portfolio benefiting the credit union.

While balance transfer promotions have always been a strong tool to increase card balances, credit unions can make their offers even more compelling by offering a life of balance (LOB) promotional rate. This type of offer is effective in increasing the dollar amount of the balance transferred, as well as the number of members who take advantage of it.

Generations Community Federal Credit Union of San Antonio, Texas, offers a great example of how successful a life of balance offer can be. At the beginning of 2008, the \$375 million credit union reached out to its members and offered cardholders two LOB rates through TNB Card Services' annual post holiday balance transfer promotion. The successful card promotion brought in \$1.3 million in balances, with an average transfer check of \$3,882 and a 9.3 percent response rate.



When Shell Federal Credit Union of Deer Park, Texas, offered its cardholders a 5.9 percent LOB rate, it gained nearly half a million dollars in balances, with an average \$3,383 per transfer check. It generated a 4 percent response rate.



“For a modest investment in the promotion, we achieved an incredible rate of return, plus we gave our members another reason to count on us to provide them with products and services they need,” said Sharon Hicks, credit card services manager for Shell Federal Credit Union. “This is the second time we’ve offered a LOB rate for a balance transfer promotion. Together the two LOB rate transfer offers increased our outstanding balances to \$8.8 million.”

According to Dusty Bowers, senior vice president and client relationship manager at TNB Card Services, “LOB rate offers have clearly helped our clients drive gains in their card balances through our balance transfer promotions in the past few years. The latest promotion produced an overall response rate of 3.8 percent. Credit unions offering a LOB rate saw an average transfer of \$3,590 compared with a \$2,695 average transfer for credit unions favoring a limited time promotional rate.”

TexasOne Community Credit Union of Houston offered a LOB rate of 5.9 percent and achieved an impressive 5.97 percent response rate. With an average transfer of \$3,694, the credit union brought in more than \$380,000 in new card balances.

“We achieved a 34 percent increase in the amount transferred with the LOB rate compared with the

promotion we  
Blaylock, senior vice  
services for  
Credit Union. “The



last balance transfer  
offered,” said Helen  
president of card  
TexasOne Community  
LOB rate enabled us

to give our members a much needed financial break, which is evident in the favorable response we received from the offer.”

With a variety of promotional rates to choose from, TNB credit union clients can tailor the rates to their individual marketing goals. Demonstrating the appeal of longer-term special pricing, the LOB rate offer contributed to bringing in more than \$9 million in new balances overall, breaking the previous record in transfers and boosting the card portfolios of the credit unions that participated.

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