

CUNA Mutual Group's Auto Loan Recapture[®] Campaign



“Over the past year, all our auto loan portfolio growth outside indirect channels has come through this program and the supplemental coverages we sold on these loans paid the marketing cost of the program.”

APCO Employees Credit Union has a well-deserved reputation for operational efficiency. The credit union has just over 100 employees—which Loan Manager, Greg Keller, described as “almost unheard of for a credit union our size”—and was recently awarded the 2013 Member Benefits Top Performance Award from CUNA, which recognizes credit unions who deliver more value to their members.

When the credit union decided to make a concerted effort to bump up its loan portfolio, Keller was immediately intrigued by CUNA Mutual Group's Loan Generation Marketing program, specifically the Auto Loan Recapture (ALR) campaign. “It seemed like an efficient way to grow and definitely worth investigating.”

The Auto Loan Recapture campaign uses targeted direct mail and emails to reach out to members who have auto loans at other financial institutions and would benefit from a switch to the credit union (with lower interest rates, lower payments, etc.). It's a tool that can be used to recapture existing loans and acquire new ones and its focus is on sending the right message to the right member at the right time.

“We had tried similar programs in the past that we ran in-house with data from our credit bureau,” said Keller. “Those campaigns ran a month or two and were typically promoted only through our newsletter and word of mouth. We'd had decent results but they were temporary.” Keller liked the fact that ALR would run with very little input from his staff, was an ongoing program and relied on direct mail. “This gave us an easy way to try it.”

That trial has had great results. “It completely disproved common wisdom that people don't read their mail—if you give them a compelling reason they do,” Keller said. “On numerous occasions, we had members walking in the door with the letter in their hand asking to transfer their loan. Nearly 500 members obviously *did* read their mail.” The credit union selected the parameters of their target audience: members who had an auto loan elsewhere for at least \$7500 and a credit score of 650 or above. Those who chose to transfer their loan to APCO got a better rate and a \$100 incentive for making the switch.

The ALR campaign launched in March 2013 and at the one-year mark (February 2014) had bumped the credit union's auto loan portfolio by \$10.5 million. “All of our auto loan portfolio growth—outside of indirect—came from ALR,” Keller said.

In an excellent illustration of the credit union's reputation for efficiency, the program also paid for its own marketing costs. “Because of CUNA Mutual Group's Lender Development Program, our auto loan process includes discussions about warranties, Guaranteed Asset Protection (GAP) and credit life and (credit) disability (insurance),” Keller said. “The additional income we've gotten by making these available on the loans we got through ALR paid for the marketing costs of the program. The only cost to us was the \$100 incentive to move the loan. This wasn't an expectation going in but it was a great reward.”

Keller especially liked the fact that program projections were in line with the actual results. “When CUNA Mutual Group came in with their estimates for ALR, they were realistic—not pie-in-the-sky. Our actual numbers exceeded their estimates.”

**Greg Keller, Loan Manager
APCO Employees Credit Union
Birmingham, Alabama
\$2.4 billion assets; 70,000+ members**