

# Origination News

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## MARKETING

# Stopping the Customer From Walking

*Loyalty Assurance is designed to notify lenders when a past client might be looking elsewhere.*

By Brad Finkelstein

IT IS NO SECRET THAT IT IS CHEAPER FOR any business, including a mortgage originator, to keep its current customers rather than to have to spend money to acquire new ones.

Tranzact Information Services, Boca Raton, Fla., has created Loyalty Assurance, in an effort to help lenders increase their customer retention rates.

The program, explained Tranzact IS president Ben Waldshan, lets lenders, banks and even credit unions know when one of their current or past customers is looking for a mortgage loan or some other financial product.

“We’re leveraging credit inquiries from all three bureaus” when the consumer makes an application for a mortgage loan, he explained. Using three bureaus helps to increase the likelihood of a hit when the customer makes an inquiry.

Tranzact IS will work with the lender to create a marketing strategy to help them retain that consumer.

The work to create Loyalty Assurance started when a couple of large Tranzact IS customers “challenged us to help them on the retention side,” Waldshan said. Marketing to acquire customers was low on these firms’ priority list in the past couple of years and they wanted to know how Tranzact IS could help them retain customers and also develop cross-sell capabilities.

Those Tranzact IS clients got the information regarding customer inquiries on a daily or weekly basis. The lenders had the opportunity



to contact the consumer to get that customer to explore further options with their current lender before they take their business elsewhere.

Waldshan said Tranzact IS has been providing this service for a couple of years. But because now it is a challenge for banks and other lenders to retain customers, “we have actually ‘productionalized’ the process to really simplify how banks and financial institutions can execute on a program like this,” he said.

The lender uploads their files into the Tranzact IS system and sets up the events they want to monitor those files against. If one of the triggers is hit, the customer file is sent back to the lender for them to execute on their marketing communication to the customer.

This event-driven system “is very powerful because it is not sending out the typical loyalty-type of communication” that the banks

normally do, such as inserts in statements, which are generally tossed aside by consumers.

“This is really pre-emptive: ‘Your customer is in the market, they are shopping and you should reach out to them immediately. That is the essence of this,’” Waldshan said, adding the system can be used for cross-selling of products as well.

That definition of cross-selling, he continued, includes recruiting those who are looking for a mortgage elsewhere to get a loan at an institution they have another relationship with.

“We can stage those in our environment here and alert the bank or the credit union every time those customers are in the market for a mortgage, so they can cross-sell them into a mortgage,” he said.

So Loyalty Assurance goes beyond being a pre-emptive retention marketing solution to a pre-emptive cross-sell marketing solution.

Cost to the lender per customer retained could be as low as \$100 through the use of the program. He said the cost to get a new customer could be as much as \$500 to 1,000 and even more.

The \$100 includes the cost and execution of Loyalty Assurance plus their own marketing execution, Waldshan said.

Loyalty Assurance is Tranzact IS’s “marquis product” right now although it does still provide other customer acquisition solutions. To date, there are 25 customers using Loyalty Assurance and growing, Waldshan said.

Inquiries are just one of the events

Tranzact IS monitors for. There are other mortgage triggers it can look at. For example, it can segment out customers who have an adjustable-rate mortgage which is about to reset.

Tranzact IS pools the events together and flags them for the client so that the client knows what kind of lending message it has to present to the consumer.

He added Tranzact IS also uses “noncredit information” to identify those customers that might have a need for a mortgage product or that are in the marketplace.

When Tranzact IS sets up a program with one of its clients, “it is not just ‘let’s decide what events you want us to track and monitor and then serve back to you,’ it is also ‘what is the passing underwriting criteria that you need in order for us to pass these customers back to you?’

“So they define their criteria that we code into the system,” Waldshan explained, such as the minimum credit score they are willing to work with.

In the end, the client gets a lead that is likely to do business and which is someone they want to pursue to keep as a customer.

The system is Web-based. The clients can go in and upload customer files, define the events they want to be monitored and they can also select the credit criteria they consider to be important for their purposes.

Loyalty Assurance is particularly good for the credit union market, he said. Most of their members do not have a mortgage with the CU they belong to. Meanwhile many CUs are looking to increase their residential mortgage production.

“This is a very attractive and easy way for them to really skim their customer base and be able to identify those members who are in the market for a mortgage and be contacted by the credit union,” Waldshan said.

Besides mortgage triggers, there are triggers attached to auto loans and leases, insurance and credit cards, to help clients conduct other cross-sell initiatives. ♦



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