

Rethink and Reset

Grow Revenue and Customer Loyalty
Revenue Expansion Program

fiserv.

Revenue Expansion Program

Today's economy and a rise in unemployment rates are already impacting financial institutions' revenue goals. And that's before the effective date of Regulation E (Reg E).

Can financial institutions regain lost revenue?

Every financial institution in the country is evaluating its product and pricing structures with a careful eye on revenue growth.

Why? Take a look at the numbers:

↓ 9 percent: drop in non-sufficient fund (NSF) overdraft revenues in 2009

↓ 3 percent: expected drop in NSF revenue through the first half of 2010

↑ 57 percent: response rate for all Reg E-related opt-in campaigns

↑ 85 percent: response rate, most important high value consumer segments.

While opt-in campaigns are helping to retain some revenue potential, significant reductions in overdraft income are expected to impact financial institutions in the third quarter of 2010.

Are you ready to respond?



Your Roadmap To Revenue Recovery



Rethink new revenue streams with a Revenue Expansion Roadmap, a collaborative process facilitated by Fiserv. Within 60 days, you'll move through three stages: analysis, alignment and assessment. And you'll have the knowledge you need to reset bottom-line expectations and generate new revenue streams.

Stage 1: Consumer Segmentation Analysis

Identify new revenue opportunities and drive increased transaction volume by viewing your accounts within the context of these retail consumer segments:

- Fee income generators
- Former fee income generators, or those who have opted out
- Accounts with no activity or contribution margin
- Balance holders

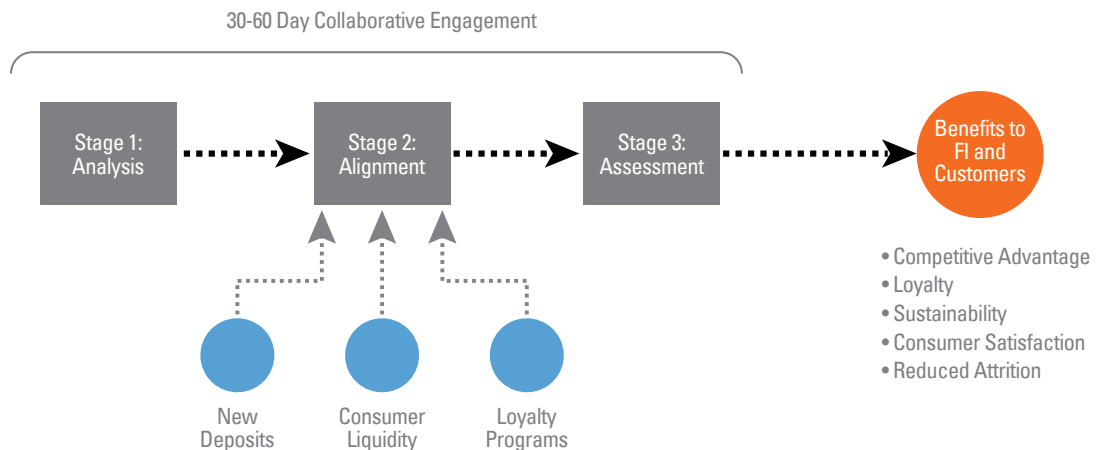
Stage 2: Solution Alignment

As a result of the segmentation analysis, you will have greater insight into the profitability of your consumer base. This stage matches segment profitability challenges with potential solutions in these key areas:

New deposits

- Alternatives to free checking
- New sources for deposit or card-based revenues
- Innovations in bill payments

A Path to Continued Growth and Customer Loyalty



The opportunity here is to identify your base checking solution and define specific DDA products that meet customer needs, such as incentive checking or rewards programs. With less overdraft income to support free checking programs, some financial institutions are abandoning their free checking programs and moving to fee-based checking. However, given the current 14 percent churn rate with free checking, limiting further attrition may be a more appropriate action; for instance, migrating to checking products that motivate profitable customer behavior and engender loyalty.

Take a look at the numbers:

↑ **66 percent**: Potential improvement in retention with a well designed debit card loyalty program

↑ **49 percent**: Increase in transactions with a well designed debit card loyalty program

Consumer liquidity

- Deposit-based lines of credit
- Dynamic overdraft limit settings

The enactment of Reg E was designed to relieve consumers of some overdraft charges, regulations don't change the need that many consumers have for short-term liquidity. Access to small dollar, short-term lines of credit is increasingly popular with consumers. It is an effective way to meet the needs of a growing number of

consumers who don't qualify for traditional forms of credit since deposit history, rather than FICO scores, are used to assess and manage risk for this product.

It may benefit you to structure overdraft (OD) programs for opt-in responders with variable OD limit thresholds, by account and based on deposit history, to reduce risk and provide greater flexibility to eligible consumers.

Take a look at the numbers:

↑ **13 percent**: Increase in net liquidity product fee income by offering short-term lines of credit

Analytics-based loyalty programs

- Rewards programs
- Merchant rewards
- Activity- and balance-based incentives

Predictive analytics can be used to help you identify the most appropriate cross-sell opportunities for customers while identifying those with greatest attrition risk.

Take a look at the numbers:

↑ **10 percent**: Potential incremental increase in revenue using predictive analytics



Stage 3: Assessment

During this stage, the revenue expansion roadmap is fully developed and implemented. This involves a thorough review of each identified opportunity in the context of the following areas:

- A financial institution's mission
- Local market
- Regulatory changes

The roadmap leverages your connection with the communities you serve and enables you to implement new solutions that are directly aligned with consumers' financial needs and compete aggressively with larger financial institutions.

Rethink and Reset for Success

Despite the challenges presented by Reg E, you can rethink your relationship with the markets you serve, reset your expectations for success and seek new opportunities to maximize revenue. This is the right time to ensure budgets are created and resources are scheduled to quickly generate new revenue streams and call upon partners like Fiserv to help you develop and implement innovative strategies based upon proven performance.

Take a look at the numbers:

↑\$4 million: Potential incremental annual revenue for every \$1 billion dollars in asset size by implementing a revenue expansion roadmap

Connect With Us

For more information on our Revenue Expansion Program, please contact us at 800-872-7882 or visit www.fiserv.com.



About Fiserv

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization, and leading the transformation of financial services technology to help our clients change the way financial services are delivered. Visit www.fiserv.com for a look at what's next, right now.



fiserv.

Fiserv, Inc.
255 Fiserv Drive
Brookfield, WI 53045

800-872-7882
262-879-5322
getsolutions@fiserv.com
www.fiserv.com