



Driving Auto Loan Volume with Bundled F&I Products

Beating the competition by
moving beyond APR.

Feeling the Impact of the Great Recession

When the recession hit in 2008, consumer spending took a nose dive as people tightened purse strings and held off on big-ticket purchases for as long as possible. Unemployment skyrocketed, companies went out of business, and the U.S. government even had to bail out three of the nation's largest automotive manufacturers.

By 2011, things were looking up, but they still had a long way to go. The year started out with unemployment still at 9.8 percent, but corporate profits were rising, which meant hiring could begin to speed up. By the end of the year, the economy expanded by 1.2 percent. Incomes steadily grew, and people very cautiously started to spend again.

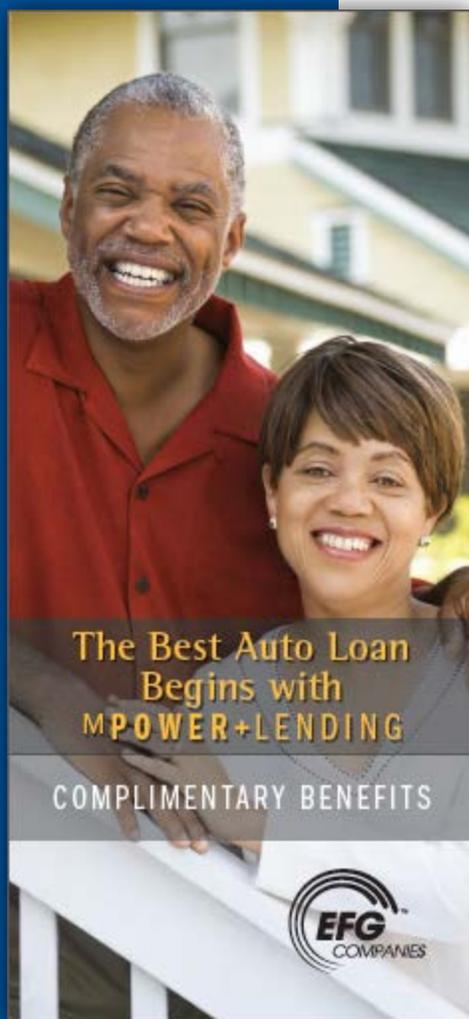
It was time for credit unions to take back their market share in the auto loan space. In 2000, auto loans accounted for **40 percent** of total credit union loans. According to the Credit Union National Association (CUNA), that number was at **29 percent** in June, 2011.



However, with income rising combined with a payroll tax cut, 2012 was the prime year for consumers to get back in the car market. In fact, auto sales topped 13.4 million in December 2011, which represented approximated 1 million in year over year growth. New vehicle auto sales also topped 1 million for the first time since Cash for Clunkers.

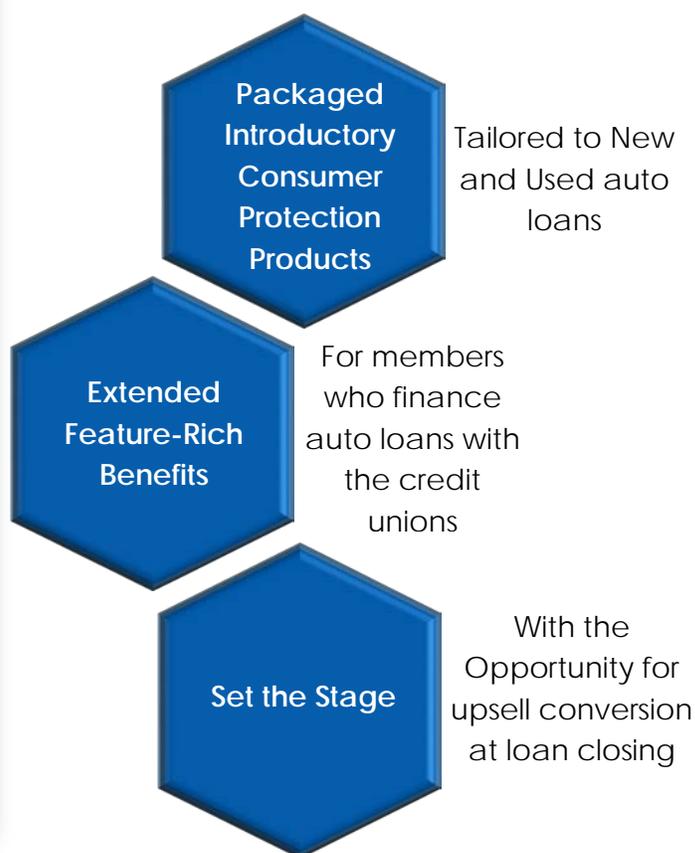


Introducing MPOWER™



SWBC, one of the nation's largest international financial services companies, partnered with EFG Companies, the innovators behind the award-winning Hyundai Assurance, to develop a loan product that could help their credit unions take back those auto loans.

Together, they developed MPOWER, a proprietary, complimentary bundled product offering with full-term upsell options. The program:



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"Lenders are realizing that APR messages alone don't cut it when every institution is touting the same message, 'low rates,'" said Steve Klees, Senior Vice President, Specialty Channels, EFG Companies. "Our custom-tailored product bundles allow credit unions to move beyond low rate messaging to providing actual value to their members, thereby making their loans more compelling to their target audience and propelling members to take action."



Increase Loan Acquisition Success

Separate from the competition

The approach behind MPOWER was to give credit union members confidence to make a vehicle purchase or loan decision following one of the largest national financial downturns in history. The name was developed as a brand promise, which served as a platform for significant market differentiation. MPOWER was designed to:

Separate SWBC member credit unions from the competition by offering significantly more value than reputation and interest rate alone, and drive traffic through a break-through compelling offer;

Motivate auto financing

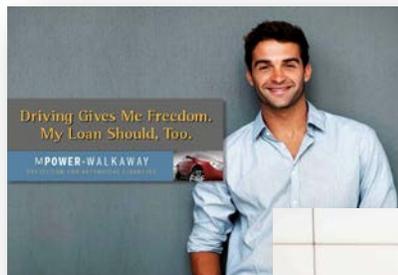
Provide products and services complimentary to the member that motivate auto loan financing as well as speak to a positive financial future. The program highlights the quality of loan servicing that each credit union provides, and the credit union's commitment to its

Focus on all phases of lending lifecycle

Focus on all phases of the lending lifecycle (rather than just loan closing and communicate with the credit union's member base through a behaviorally triggered email contact strategy; and,

Communicate a consistent brand promise

Communicate a consistent brand promise across all platforms enabling member credit unions to drive in increased awareness and ultimately decrease advertising costs.



35 Years of Industry Experience

Along with financial protection bundles, EFG utilized its 35 years of industry experience to surround the MPOWER products with custom services designed to enhance market penetration and increase loan sales success.

Implementation of the program included:

- **Product Development & Cultural Transformation**
 - Set the stage for adoption of the program throughout the organization by conducting primary research on what consumers would find most valuable, followed by creating the financial strategy around the product bundle architecture. EFG developed the unique product mix, tailored training and communications plan to fill the significant voids in the current lending strategy as identified by both credit union employees and members.
- **On-going Training and Engagement**
 - On-site installation and intense training program for loan officers and key personnel.
 - 12 month plan included pre-launch, launch and on-going skills training that addressed product recommendations, responding to concerns and guidance on ways to leverage the program during the loan closing and beyond.
- **Full Marketing Support and Rollout**
 - Marketing engagement included an initial assessment and strategy meeting and installation of private-labeled marketing materials at launch.
 - Provided ongoing content and placement recommendations for website and related social media sites.
 - Turnkey direct marketing campaign engine to send targeted automated messaging based on life cycle phase and trigger events.



Results

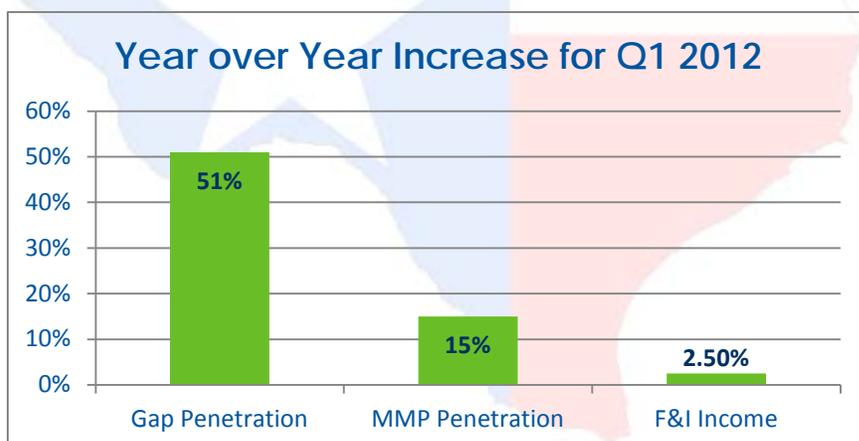
“We provided SWBC member credit unions a proprietary turnkey marketing campaign engine that sent targeted messages to their members based on loan life cycle and behavioral triggers,” said Klees. “During this process, we also supported clients with enhanced training which is dynamic, measurable and targeted to ensure a dramatic increase in the level of sales and service from the entire lending team. When they had a need to find new people, we used our scientifically-proven, EEOC- approved personality profile, which allows us to recruit and place quality people in the right positions for them to succeed.”

Member credit unions saw immediate and significant impact.

After implementing MPOWER, member credit unions saw immediate and significant impact. To date, 24 credit unions have rolled out MPOWER within all of their branches. Ten more accounts are in implementation, and 70 more accounts have requested a review of their potential to roll-out the program.

The first credit union to roll out MPOWER was in Dallas, TX. In December of 2011, they began offering a new and used bundle with vehicle return, limited powertrain protection, tire and wheel protection and paintless dent repair. Their MPOWER program was also backed by three recapture campaigns in 2012, with significant results:

- First 12 months - 121% increase in net fee income and 10% increase in direct auto loans funded.
- Q1 2013 – 110% net fee income increase and 39% increase in direct loans funded over 2012 QTD



PROOF IS IN THE PROFITS

Another Credit Union in California rolled out the MPOWER program in February, 2013, offering vehicle return, roadside assistance, and paintless dent repair. They also piloted the credit union auto coupon. They saw immediate impact within the first two months:

- 72% increase in loan volume from previous 5 month average. That equates to ~\$43,000 of new interest income on those loans over their term.
- Averaging 40% MMP upgrades and 38% VR upgrades.
- Gross fee income up 160% compared to previous 6 months and net fee income up 61%.

Within their first month, they increased their net fee income by \$4,500.

A credit union in Louisiana also saw significant results after initiating MPOWER in February, 2013. Within their first month, they increased their net fee income by \$4,500 from upgrades on vehicle return, limited powertrain and vehicle protection (MMP).

Each of SWBC's member credit unions who have implemented MPOWER are either on track or expecting to surpass their business objectives to:

- increase direct auto loans per month to at least 100; and,
- generate between 300 million and 500 million in assets for each credit union.

"We chose to utilize SWBC's partnership with EFG and implement their MPOWER program because they each have 35 years of industry experience that allows them to effectively motivate purchase behavior based on their understanding of the consumer mindset and our members' needs. That has certainly paid off," said the President & CEO. This credit union just surpassed \$300 million in assets.

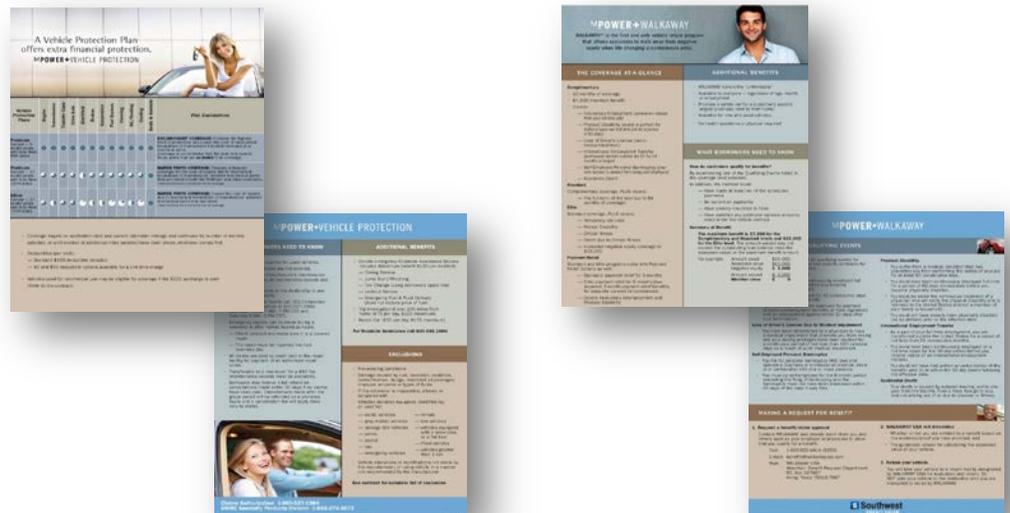


THE MPOWER ADVANTAGE

MPOWER has proven that creating real value for members drives real results. With bundled products packaged with their loans, credit unions have a better ability to position their auto loans as valuable to their members outside of just APR. This innovative approach better equips them to bring in new members and reduces the chance of members being flipped at the dealership. MPOWER not only empowers consumers to make that big purchase decision, but also credit unions to retain members after loan closing, with follow-up messaging and marketing initiatives.

For MPOWER to be beneficial, it had to be surrounded and propelled with specialized services and customized support designed to sharpen the credit union's competitive edge. EFG's dedicated client relationship support made it possible to adequately appropriate the right resources to generate the best result for each credit union.

MPOWER™ + LENDING



To learn more about EFG Companies, visit
www.efgcompanies.com/recruiting

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