

Driving checking acquisition with intelligent modeling

Penn Community Bank

Case Study

Business Challenge

Penn Community Bank is proud to be the largest mutual bank in eastern Pennsylvania but was looking for a strategy to grow both household and core deposit growth.

“As a bank with around \$3 billion in assets managed, we just don’t have the resources to bring in data scientists and other high-end roles that other regional and national players have in-house. We needed to find a true partner that could give us access to the resources we just simply do not have,” said Bernard Tynes, chief experience and impact officer. “I truly do see Deluxe as an extension of my in-house marketing team.”

The bank recognized one of the keys to growth was one that integrated both strategic and tactical changes to compete with bigger banks. The primary focus: household checking account acquisition.

“Checking is an important hinge for the relationship-banking door,” said Tynes. “New checking accounts are a gateway to increased opportunities with new households. In turn, they expand our access to customers who will participate in residential lending programs and other products. We knew we needed to cast a wider net to reach mass households, still grab premium accounts, and yet compete smartly, efficiently and authentically to our bank’s rich legacy and brand.”



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Deluxe Answers

Working with Deluxe, Penn Community Bank shifted to using a multi-cycle direct marketing approach focused on new-to-bank households. Deluxe's proprietary model helped Penn Community Bank identify insights on a national level as well as internal historical consumer data. This ensured Penn Community Bank was reaching its most valuable prospects. By identifying new prospects through data leveraging historical consumer behavior, Penn Community Bank was able to find consumers who acted like their existing customers, examine their footprint, and use the models to identify those most likely to respond to a direct marketing piece.

Focusing on specific branch locations and the smartest spend per each location, Deluxe's plan identified the ideal volume of prospects, including existing non-checking customers within a self-educating model that could dynamically adjust as learnings grew. As a result, the spend was focused on an extremely cost-efficient saturation of addresses by taking advantage of better postal rates.

Results

Deluxe has been working with Penn Community Bank to support their checking acquisition since 2018. The initial campaign was successful and resulted in a series of recommendations to make sure the next campaign was even more effective. This included adding an attention-grabbing incentive to the offer which was initially \$250 (\$200 for checking and \$50 for savings) and has since increased to \$350 (\$300 for checking and \$50 for savings). Deluxe does competitive scans every six months to ensure Penn Community Bank has a competitive offer in their market.

"In prior Deluxe campaigns, we gave customers a similar offer and it created significant deposit acquisition for us," commented Tynes. "That history gave us control data so that we could truly measure program performance."

Next, Deluxe suggested eliminating the personalization and incorporating "Dear Neighbor" to address prospects. This allowed the client to use bulk postal rates which significantly reduced campaign costs while, in Deluxe's experience, not significantly affecting campaign response.

Finally, Deluxe and Penn Community Bank decided to shift the campaign to quarterly. Previously, Penn Community Bank only did one to two direct mail campaigns a year, but due to the effectiveness of this highly targeted campaign, they increased their frequency to four mailings to provide better coverage throughout the year.



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The shift to multi-channel

In 2022, the team made the decision to test sending an email in addition to a direct mail piece with the hope it would provide additional lift to the overall campaign success. The bank now realizes even higher campaign performance with the email plus direct mail segment seeing an average lift of 26.1% over the DM only counterpart. In 2024, the team is adding a digital test segment where they will measure response for direct mail, direct mail+digital and direct mail+digital+email to understand the contribution and ROMI of each channel.

The measure of success

Prior to the partnership with Deluxe, Penn Community Bank did not have internal resources to evaluate KPIs to benchmark their acquisition programs. According to Tynes, “Deluxe created the benchmarks for us, and the best practices for measurement—lift over control, ROMI, incremental accounts and account profitability. Through these, we observed a very clear picture: this program for checking acquisition constituted measurable overall checking performance.”

Beyond the clear-sighted vision regarding future campaigns, valuable insight was gained as new customer behavior could be tracked post-campaign, with a line of sight to whether there was the opportunity to grow relationships through new money market accounts, loan products, or other long-term loyalty drivers.

Want a partner to help you compete with the big banks?

Contact us today.

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