



Cashmere Valley Bank: Flying High On Rewards

Customers who select credit cards for their rewards features are more affluent, more likely to travel for pleasure, are active rewards program members, and use their credit cards to pay their monthly bills, according to an Aite Group research report. All of these characteristics or behavior may add up to a high-transaction, frequent card users and a corresponding valuable source of interchange income for the bank.

It's no surprise then that Cashmere Valley Bank set out to develop a rewards program suitable to its risk tolerance and attractive to its customer base. In 1996 the bank launched its MasterCard Airlines Rewards Plus program and has never looked back--racking up accounts as customers raked in points.

Last summer the \$1 billion-asset bank reminded customers how sweet its reward offering was, taking to the airwaves to tout it would not scale back its program or raise rates like some national issuers had as the economy continues its recovery. The catchy campaign theme, "It may be vanilla, but it's never been so good" was followed up with a "cure for the common credit card headache" message with both emphasizing key card features (see sidebar) and reasons to sign up for the community bank offering.



Patty Browning

"The ads were positive, fun and caught people's eye," says Patty Browning, card services plan manager at the bank. The kickoff included ice-cream cone notes sent to new cardholders in welcome letters and an ice-cream social where branch employees had an opportunity to thank customers for their business and to cross-sell other bank services, she explains.

In the months immediately following the campaign new account applications doubled and outstandings jumped 14 percent over the previous year to roughly 6 million.

Our goal is to keep interest in our cards," says Browning.

The more we can get them to use the card the better off we are."

It may be Vanilla...
but its never been so good.

- No Annual Fee
- No Cash Advance Fee
- No Higher Rate for a Cash Advance
- No Inactivity Fee
- No Penalty or Default Rates
- No Balance Transfer Fee

0% For 6 Months
Then rates as low as 8.25% APR. [More Information.](#)



The Cost of Admission

The bank's higher-than-average redemption rate (42 percent compared to 30 percent nationally) and its associated costs did force the bank to set aside greater reserves to fund the program, but did not sway bank executives to change the status quo.

If anything, the redemption review two years ago resulted in a more enriched program, a decision that Browning maintains breeds "consistency for customers" and ensures a steady stream of high interchange for the bank. She endearingly refers to ScoreCard participants as "point junkies that like using their cards" and says they consistently outspend non-rewards customers, signaling more revenue for the bank.

Customers are encouraged to access, manage and make payments on their credit card accounts at my-cardstatement.com. (Consumers make 53 percent of their monthly payments with a payment card—credit, debit and prepaid, according to a Federal Reserve 2008 Consumer Payment Survey.) Consumers can also redeem their points at the site—97 percent of which are for travel with the remainder traded for merchandise.

A separate initiative utilizes FIS' "FastTrack" program to target dormant cards or those not activated in an effort to grow activation and usage. During a 90-day period customers receive multiple correspondence reminding them about their cards or offering them an incentive if their usage exceeds a set dollar threshold.

And while Browning continues to solicit new business—even outside of its current customer base—it stops short of stepping outside its geographic footprint (Washington State). Strict debt-to-income ratios and discretionary spending levels help manage risk and proactive collections keeps delinquencies (currently averaging a half a percent) at acceptable levels.



The Cure for the Common Credit Card Headache.

- No Annual Fee
- No Higher Cash Advance Rate
- No Penalty or Default Rates
- No Balance Transfer Fee
- No Cash Advance Fee
- No Inactivity Fee

[More Details](#)

“There are good credits out there and we have a great value to offer in the card,” says Browning. “Letting our customers know it is the key.”

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