

Source: Nomis 2016 HELOC Executive Survey

Putting the HELOC Back to Work

The HELOC is once again a great bank offering as people now have more equity in their homes. Additionally, as banks look for opportunities in markets that are still relatively flat, the HELOC is a bright spot for margin growth. These facts gleaned from our executive survey reveal how executives are thinking about HELOC today and what they see as the next opportunities.



MANAGING THE TRADE-OFF BETWEEN PROFIT AND VOLUME

UNDERSTANDING CUSTOMER PRICE SENSITIVITY

STRUCTURED PRICING DECISIONS

COMPETITOR PRICING

REGULATORY ENVIRONMENT

Managing the volume/profit trade-off is the most important challenge.

Define Intro Offers

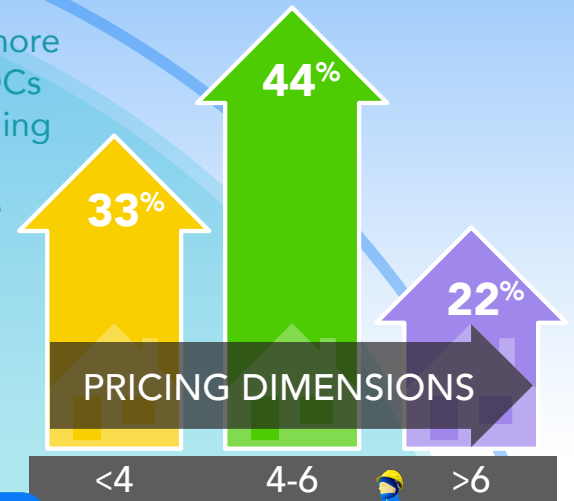
Banks are now running sophisticated introductory promotions to attract the right consumers.



Majority of respondents have a blanket promotion strategy and some have started a more targeted approach.

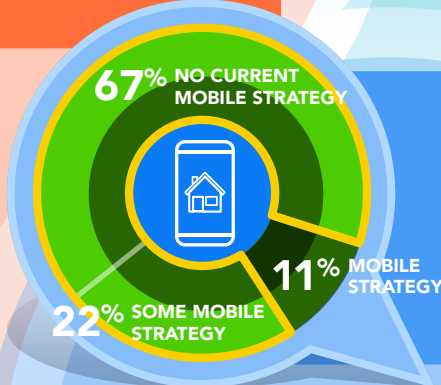
Optimize Go-to Rates

Banks are analyzing more factors to price HELOCs today and it is becoming more commonplace for banks to use price sensitivity to deliver higher fidelity pricing.



PRICING DIMENSIONS

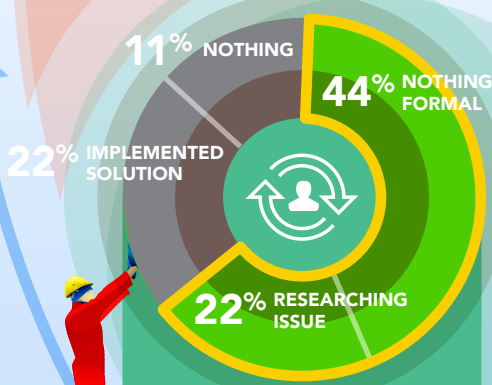
Compared to the 2014 survey, there was an increase in the number of pricing dimensions used.



With more customers asking for mobile solutions there is a large opportunity to leverage mobile in home equity.

Engage Customers

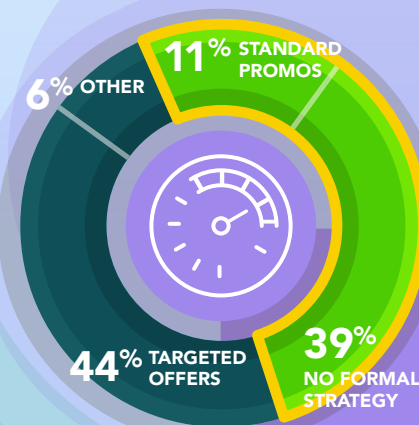
Banks have found it hard to engage customers consistently. Mobile represents an untapped opportunity to ensure customers are getting the service they expect and the message the bank wants them to hear in their preferred channel.



For TWO THIRDS of the respondents there is an opportunity to implement a more structured, analytically driven, retention approach.

Retain Balances

Banks are getting more and more sophisticated in timing retention offers to reduce portfolio run-off.



For half of the respondents there is an opportunity to apply more analytic rigor to increase line utilization.

Stimulate Utilization

The biggest challenge banks face, is that too many HELOC customers aren't (fully) utilizing their available limit. Banks are using different levels of analytical rigor in determining utilization stimulation promotions.

Our Customer Engagement Optimization (CEO) Framework covers all life-cycle segments from origination to utilization to account attrition with at the heart customer engagement