



MAKE A STATEMENT

How financial institutions can improve customer experience and drive engagement through loan statements



Current Conditions	1
Loan Statement Questionnaire	2
How Each Side Interacts With Loan Statements	4
Comparing Statements	5
Get to Know Your Customers	7
Customer Profiles	8
The Solution	9

Current Conditions

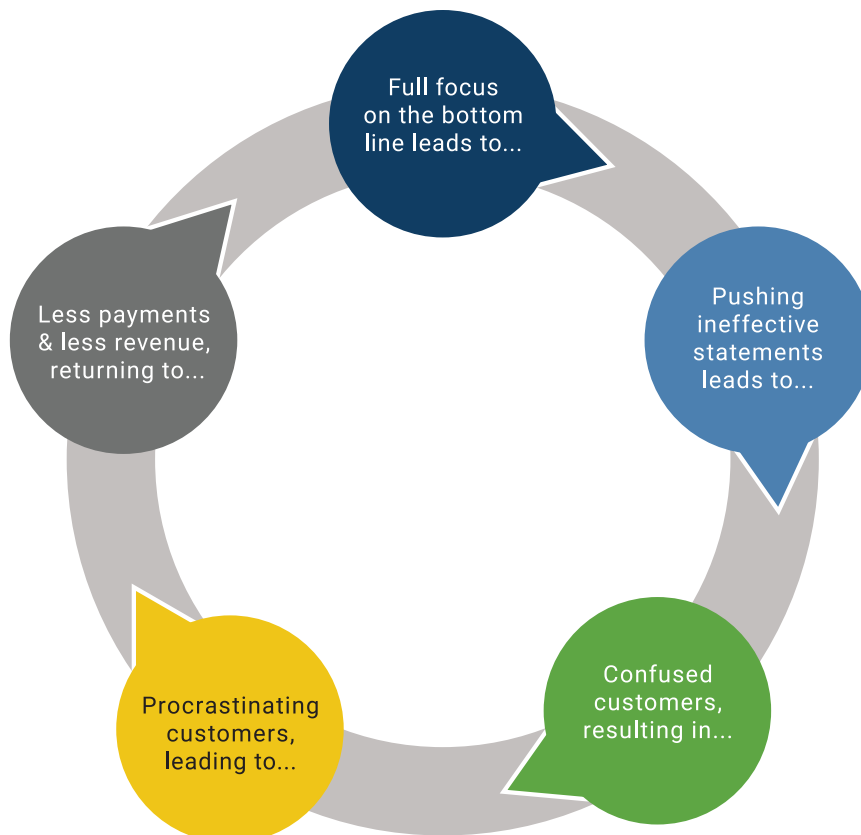
Like any business, your financial institution needs to receive revenue, and in your case it's from loan payments. Of course, payments being made in a timely manner is crucial. You need money frequently going through your entire system, both in and out, to please both you and your customers.

Know that many factors contribute to missed or delayed loan payments. Some of them can't be controlled. But there is one significant factor you may not be aware of, something you can control: the effectiveness of your loan statements.

You may not realize it, but how, when or if people make payments is determined by these statement elements:

- Design
- Organization
- Language
- Readability

Properly designed statements actually encourage people to pay on time and more often. Focusing on customer experience is always a must, and it shouldn't be neglected when it comes to statements. Take a look at how this can affect a financial institution's bottom line.



Loan Statement Questionnaire

Let's start with a thought exercise on how you interact with loan statements.

By sending out monthly loan statements, are you just fulfilling your legal obligation?

Yes No

Are your loan statements easy for you to understand?

Yes No

Do you see these statements every day?

Yes No

Do the statements use language specific to the financial industry that you and your colleagues use every day?

Yes No

If you've repeatedly answered YES, you may need to rethink how effective your loan statements are. Consider how they should be prepared for people who do not deal with the industry on a daily basis.

How Customers Interact With Loan Statements

Do loan statements even matter to the customer?

Yes No

Do your customers even open the envelope?

Yes No

Do your customers even read the statement?

Yes No

Do loan statements really remind customers to make a payment?

Yes No

Does the design, look and readability of the statements really matter?

Yes No

The answers to all of these questions are a resounding YES.

How Each Side Interacts With Loan Statements

You may be thinking, “Is a poorly designed statement really a big deal? Can it really delay the payment?” It can be just as influential as a one-on-one conversation, email, handwritten letter, phone call or a piece of advertising. A loan statement is a piece of communication that your customers depend on for quality service. When the written and visual aspects are substandard in any form of communication, the customer will have trouble understanding what you want them to know and what you want them to do.

As a financial associate, you are wrapped up in your day-to-day actions. Since you see your statements all the time, you are already very familiar with them and know what to expect. It can be difficult to objectively design your statement to communicate with customers who don’t have your level of interaction. You and your colleagues may have your own jargon that’s specific to the financial industry. It’s easy to forget the customer may not communicate the same way. Like many places of business, your organization may hold the mindset of “we’ve always done this” and hasn’t seen a reason to change.

As for customers, they actually do read and depend on these statements as payment reminders. But remember, they don’t see statements every day like you do; they see them only once a month. Because of this, if statements are designed poorly, it can be difficult for customers to understand what they should do. They could have trouble figuring out what, when or how they are supposed to pay. But once they do figure it out, they’ll likely file it, put it in a drawer or shred it, never to be seen again. At least, not until the next statement comes four whole weeks later, when they’ve forgotten everything and have to figure out how to read the statement again. It can be like starting over.

Comparing Statements

Let's look over a couple of loan statements and break down what works and what doesn't.

What Doesn't Work

Not visually attractive and hard to digest information

Amount to pay is hard to find

There are multiple dates and amounts, which can be confusing to those who only want the due date and amount

Only one payment option

LOAN STATEMENT

123 Main Street Anytown, US 98765

ACCOUNT NUMBER	12345678	PAYMENT DUE DATE	2/25/2X
PREVIOUS BALANCE	87,112.52	PRINCIPAL DUE	0.00
CURRENT BALANCE	87,213.40	INTEREST DUE	508.15
INTEREST RATE	6.5000%	PAST DUE AMOUNT	0.00
CREDIT LIMIT	86,743.00	LATE CHARGES DUE	0.00
MATURITY DATE	12/18/2X	OTHER CHARGES DUE	0.00
INTEREST PAID YTD	357.27	TOTAL AMOUNT DUE	508.15

STATEMENT DATES

1/01/2X 2/02/2X

DATE	DESCRIPTION OF TRANSACTIONS	AMOUNT	BALANCE
12/31/2X	Interest Rate Change	6.500000%	87,112.52
12/31/2X	DAILY PERIODIC RATE	0.017759%	87,112.52
12/31/2X	CORRESPONDING APR*	6.482200%	87,112.52
1/14/2X	Capitalized Finance Charge Payment	357.27	86,755.25
1/14/2X	Capitalized Annual Fee Payment	50.00	86,705.25
1/31/2X	Capitalized Finance Charge	508.15	87,213.40

ANNUAL PERCENTAGE #DAYS IN

RATE BILL PERIOD

6.4822% 033

AVERAGE BALANCE

IN BILL PERIOD

86,705.25

FINANCE

CHARGE

508.15

Direct Payments To:

Member FDIC

Please return coupon portion with your payment

PLEASE RETURN BOTTOM PORTION OF STATEMENT WITH YOUR PAYMENT - PAYABLE TO CONNECT

LOAN NO 12345678

TOTAL AMOUNT DUE 508.15

123 Main Street Anytown, US 98765

John Q Sample
2461 1st Ave S
Irondale AL 35210-1540

Total Amount You Are Paying

\$.

⑆ 123456789⑆ 00012345678⑆ 01

Strong branding
with vibrant
colors and font

What Works

Promotes other
services provided by
the financial institution



123 Main Street Anytown, US 98765

123456-01A*000001
JOHN Q SAMPLE
2461 1ST AVE S
IRONDALE AL 35210-1540



HELOC Statement

May 1 to June 1 20XX (31 Days)

Account Summary

Previous Balance as of 05/01/20XX	\$7,165.18
Principal Payments (-)	\$0.00
Other Credits (-)	\$0.00
Advances (+)	\$334.82
Other Debits (+)	\$110.91
New Balance as of 06/01/20XX	\$7,610.91

Account Information

Loan Amount	\$7,500.00
Available Balance	\$0.00
Annual Percentage Rate (APR)	18.000%

Payment Information

Past Due Date	07/25/20XX
Payment Due Date	06/25/20XX
Past Due Amount	286.41
Next Payment Amount	304.44
Total Amount Due	591.05

Ways to Pay

- ▶ by phone 877.838.2345
- ▶ by smart phone by scanning this code ▶
- ▶ online at www.hc3.io
- ▶ using the payment slip below



Multiple ways
to pay

Late Payment Warning: If we do not receive your payment by 07/09/20XX, additional charges will be incurred.

Please detach and send with payment

Payment Information

Account Number	626992	Past Due Amount	286.41
Payment Due Date	06/25/20XX	Next Payment Amount	304.44

Total Amount Due \$591.05

John Q Sample
2461 1st Ave S
Irondale AL 35210-1540

\$



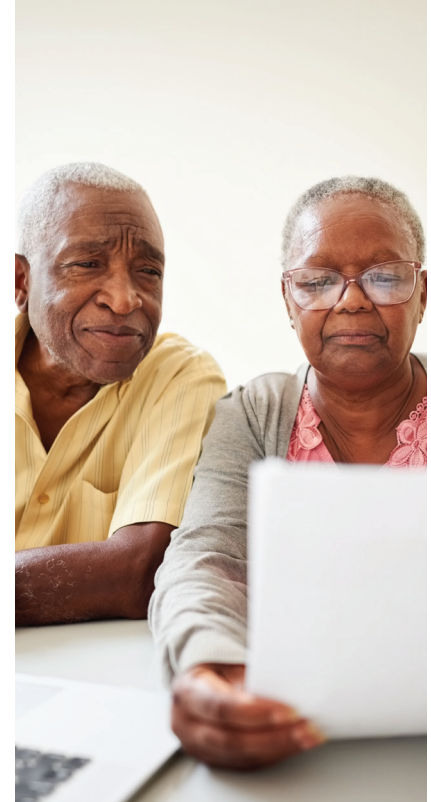
Connect
123 Main Street
Anytown, US 98765

Company
branding is easily
recognizable

⑆ 1 2 3 4 5 6 7 8 9 ⑆ 0 0 0 1 2 3 4 5 6 7 ⑆ 0 1

Simple account
summary with
separated categories

Due date and
amount are easy
to find



Get to Know Your Customers

Like every piece of marketing or communication, a loan statement should be created to match the demographic in various aspects. To craft a well-designed loan statement, you should do what other financial institutions forget to do: get to know your customers – not as a whole but each individual.

All people are different with their own individual mindsets and preferences. Take notice of their behaviors and identify commonalities, or just flat out ask them. Consider their language, age or location. How do they prefer to make payments? Technology is a societal standard these days, but each person still has their preference. Find out who is tech savvy and who isn't. Some may fall in between, preferring email but declining automatic payments. These concerns need to be addressed prior to delivering statements in order to improve the chances of receiving payments on time.

Customer Profiles

The following examples show just how different customers can be and how their preferences may align.



Customer A – Robert

Male, Age 82

Lives in suburban neighborhood

Lives next door to his adult daughter and her family

Surrounded by four grandchildren who are surrounded by technology

Reluctantly learned about the wonderful use of QR codes from his granddaughter

Customer B – Lisa

Female, Age 51

Lives in rural area with limited wi-fi

Has no desktop computer at home

Uses iPhone for all computer needs

Pays in various ways, which often depends on unreliable cell service



Customer C – Carlos

Hispanic Male

Age 28

Lives in urban area

Is married with a newborn baby

Prefers to pay by phone because he can press 2 for Spanish

As you can see, each of these people come from a different background with their own social environment and level of knowledge with technology. You would need to tailor the delivery of your loan statements for each one to guarantee the most payments on time.

The Solution

So what's the best way to resolve this issue? You don't need to hire in-house graphic designers or writers. Instead, there's an organization called HC3 that provides full-service print and digital documentation solutions primarily for the financial industry, while assisting other industries as well.

We've studied and applied what actually works to get customers to take action on their statements. You may have created an app or online banking program only to discover that it doesn't address the needs of all of your customers. It's important to invest in well-designed, properly executed financial documents that make it easy for customers to make payments. Let's get started and get you connected with your customers.

marketing@hc3.io
870.838.2345