Becoming a Better ODFI
Sales and Marketing Toolkit

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Sharing Our Passion For Payments
WesPay Publications

WesPay has a long tradition of working with financial institutions in the Western U.S. to promote the use of electronic payments and increase effectiveness through professional development and client support. These toolkits are a collection of reference guides designed to provide a clear understanding of the technical requirements of the ACH Network.

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Contents

Introduction .................................................. iv
Assessment ................................................... 1
Action Plan .................................................... 6
Product Development ....................................... 7
Pricing .......................................................... 8
New Product Launch ......................................... 12
Marketing & Sales ........................................... 14
Risk Mitigation ............................................... 19
Technical Review ............................................ 25
Policies and Procedures ..................................... 26
Training & Support .......................................... 30
Customer Management ..................................... 35
Appendix ...................................................... 40
Introduction

Welcome to the ODFI Sales and Marketing Toolkit. The professional team at WesPay has gathered their collective expertise to provide this comprehensive toolkit in order to assist you in your development of Origination Services as an ODFI. We are seeing an increasing number of financial institutions building Origination Services into their financial suite of products.

This publication assumes that you have been an ODFI for some time and are now looking into expanding the program. Perhaps you have provided Origination Services only for internal purposes and for a handful of select clients. Perhaps you have a small program that has languished for some time with little or no growth. This toolkit is designed to help you evaluate your current program and find the opportunities that are hidden therein.
Assessment

The first step to growing your Origination Services program is to do a thorough assessment of your current program and client base. With this critical information in hand, you will be able to make solid, strategic decisions about policy changes and marketing programs to grow your program. The evaluation should include both the product and the client base.

On the product side, a review of the financial performance of the Origination Services will give you an indication of where there is organic growth that can be maximized and where there may be opportunity to expand the program in new areas. In addition, by reviewing the policy side of the product you can uncover areas of expansion through updating the current policy parameters.

Client evaluation will provide you a better idea of who is using the service today and where the greatest opportunity is to expand services within your existing customer base. It is always less expensive to offer existing customers additional services than to acquire new clients.

Financial Review

Many financial institutions have Origination programs that they only use for internal transactions such as payroll or make available for a small, select group of clients. In these cases the program was not implemented with the objective of generating revenue. When considering expanding your Origination program, a thorough review of the current financial picture can provide many clues and guidelines for the most promising opportunities to reduce costs and maximize revenue.

What is the current state of cost vs. revenue?

Gather both fixed costs and variable costs for the current program. Fixed costs include:

- Personnel and related overhead
- Equipment and maintenance
- Software licensing
- Technology dedicated to this particular line of business such as dedicated internet lines, etc.

Variable costs include:

- Transaction fees
- Processing and servicing fees
- Third-party expenses

Make the calculations to determine the profit/loss status of your current product. Even if the management team does not require this information, it will provide a good baseline for determining benchmark goals for the future.
How does Origination compare to other financial products in your FI?

With the financial analysis in hand, take the opportunity to compare your current Origination program to other financial products you offer. What are the qualities of the highest performers compared to your Origination program? What are the similarities with the lowest performers?

This analysis can give you an idea of what aspects of your future Origination program you want to emphasize. It may be that revenue generation is not a primary goal and that client retention is more important. If that is the case, what investment (i.e. program losses) are you willing to tolerate for this outcome? What metrics do you have to measure non-financial outcomes? All these factors will help you develop a solid strategy for growing Origination.

How do your return rates and fraud rates compare to national averages?

In addition to cost and revenue analysis, also review your return rates and fraud rates. How do they compare to other financial products within your own institution? How do they compare to national averages? High numbers may indicate that you need to complete a careful review of your underwriting policies. But low rates might indicate that your current policies are too strict or that you have a fertile area to explore for expansion. Either way, the information can help shape your future products.

Useful Materials

AFP (Association of Financial Professionals) conducts an annual payments fraud survey that provides excellent benchmark data. http://www.afponline.org/
**ACH Client Profile**

Analysis of your current user base can deliver rich information for building and expanding new programs. If you have extended Origination Services only to selected clients, these are likely some of your most loyal customers. They can provide valuable feedback to what aspects of the program they like, what they would use if offered and what new programs might be of only mild interest.

On the other hand, if you utilize Origination only for internal functions, you can do similar analysis with your most valued clients. Either way, the individuals you already have a relationship with will give you the best feedback for developing new programs.

**Your analysis might include the following questions:**

- Who is using the service today?
- What is their satisfaction level with the program?
- Are there any trends in the customer comments / complaints?
- What is the penetration in the existing customer base?

**Prospect Review**

Once you have completed your review of existing clients you will have good material to conduct some exploration into who will be your most likely prospects for adoption of new Origination products. Again, looking into your own organization is a good place to start.

- Does your sales team or cash management organization have to turn away potential new clients because your institution does not offer Origination Services?
- Have you educated your sales team around ACH Origination, the prospects for future sales as well as associated risks?
- What are the most common requests that come through customer/member services areas?
- Are there Origination Services or products that can address these requests?

**Assessment**

Toolkit Element: Product Positioning Sample

Included in the toolkit is a sample survey questions you can use for client satisfaction studies.