

American 1 Credit Union

Increase card portfolio profitability with an expertly designed credit line increase program

American 1 Credit Union has been in business since 1950 and provides services to more than 55,000 members. Experian® helped the credit union design a successful credit line increase program to meet an aggressive card portfolio growth goal.

Overview

If you want to grow credit card portfolio revenue, you need to be proactive — and increasing credit limits for the right customer at the right time is a crucial step. As limits are increased, most members spend more and attrition is reduced as a result of accurately anticipating spending needs.

Additional requirements for selecting a partner included:

- A credit line increase program (CLIP) that was simple to understand and implement.
- Concise documentation of the strategy development process.
- Strong return on investment.

Challenge/Objective

As a leading state-chartered credit union in Michigan, American 1 Credit Union was looking for ways to meet its credit card portfolio growth goals.

The credit union was aware of the potential profitability a credit line increase program could provide, but due to stricter regulations on underwriting guidelines, they avoided implementing one. Faced with an aggressive profitability goal, American 1 Credit Union was seeking a partner that could provide direction on developing sophisticated credit line increase strategies while balancing regulatory concerns.

“Our credit card portfolio growth went above our goals and expectations. We are confident that Experian’s credit line increase program was a major contributing factor.”

Resolution

After exploring services from several vendors, Experian's Global Consulting Practice was selected because they were uniquely qualified to help the client meet its challenges and because the Experian® CLIP program met all the requirements outlined by the credit union. The global consultants also provided rich industry and regulatory expertise.

Another key differentiator: Experian's access to extensive data, which was used to analyze the various strategies.

The consultants also shared industry best practices to help the client better understand how to adjust strategies in order to maintain or exceed its profitability goals.

Approach

The strategy design engagement included extensive data analysis, guidance and hands-on strategy design focused on identifying:

- Which members should receive a credit line increase. Eligibility was based on overall credit performance and usage.
- The optimal amount and timing for each credit limit increase.

Benefits of implementing a credit line increase program

- Design data-driven strategies to effectively increase credit limits.
- Increase credit limits for the right customer at the right time to encourage utilization.
- Increase interchange income as a result of higher transaction volume.
- Detailed analysis, documentation, and recommendations enable more profitable business decisions.

Results

Once the extensive data and statistical analysis was complete, Experian provided American 1 Credit Union:

- Key strategy design recommendations and an algorithm that identifies which members qualify for a credit line increase.
- A 12-month projection of incremental spending and card balances.
- Category-level analysis to create detailed performance tracking.

As a result of implementing Experian's CLIP program, American 1 Credit Union exceeded their annual card portfolio growth goal and achieved a growth rate of 13% over the previous year!

About Experian's credit line increase program

Experian's credit line increase program provides the tools and resources you need to streamline the decision process, design the right strategies and increase credit limits effectively. Our consultants have more than 20 years of industry experience, and they provide the knowledge and expertise you need to ensure that your credit line increase strategy is as effective as possible.

Using a proven consulting engagement model, Experian's consultants leverage a wide range of analytical techniques and data assets to design data-driven strategies. We can help you design and implement a comprehensive credit line increase program to ensure that your credit card portfolio produces optimal growth.