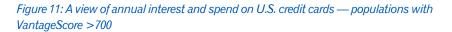
Trended Solutions

Figure 11 identifies the revenue generated in the U.S. by both card spend and interest (VantageScore >700). Thirty-two percent of the U.S. population generates very little income for lenders, yet this population continues to receive offers for expensive rewards programs along with high lines of credit. A unique opportunity exists to allocate marketing dollars toward acquiring the most profitable segments. Lenders will be able to invest heavily into rewards and lines for high-yield highspending segments, while limiting offers to other populations.



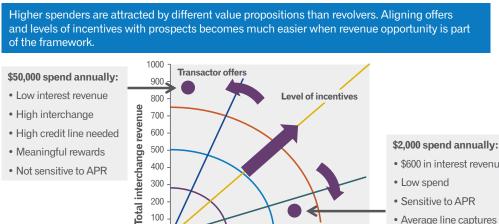
| | | | Interest paid on all cards | | | | | Percent of US Population | | |
|------------------|---|--------------------------------------|----------------------------|----------------------|----------------|--------|----------------------|--------------------------|----------------------|----------------|
| | | 2012 | <\$75 Iow | \$75–\$500 medium | >\$500 high | | 2012 | <\$75 Iow | \$75–\$500 medium | >\$500 high |
| Segment average | С | <\$5K low \$5K-\$20K medium | 830 | 807 | 784 | С | <\$5K low | 32% | 7% | 6% |
| ocginent average | а | | \$883 | \$2,255 | \$2,519 | a | | | | |
| VantageScore | r | | \$4 | \$238 | \$1,421 | r | IOW | | | |
| Spend | d | | 875 | 857 | 810 | d | | | 8% | 9% |
| | s | | \$11,159 | \$10,946 | \$10,823 | s | \$5K–\$20K medium | 13% | | |
| Interest paid | p | | \$10 | \$234 | \$1,962 | р | mealum | | | |
| | e | >\$20M high | 894 | 885 | 848 | e n | >\$20M high | 12% | 6% | 7% |
| | n | | \$51,158 | \$49,979 | \$61,180 | | | | | |
| | d | | \$9 | \$246 | \$2,216 | d | | | | |

- 7% of the population generates more than \$20K spend annually and greater than \$500 in interest income. It would be valuable for lenders to identify this population so that they could become "top of wallet".
- Conversely 32% of the population spends less than \$5K annually and pays very • little interest. Lenders need to adjust their pricing and line strategy, as "One Line/ One Price" does not fit all.

Spend, yield and targeting

Lenders can improve their targeting strategies using revenue data generated from trends to fine-tune their value propositions.

Figure 12 shows how adding an interchange and interest revenue dimension enables lenders to match the right offers to prospects — by creating incentives aligned with their behavior.



400

Total net interest revenue

Revolver offers

800

1000

600

• Not sensitive to APR

400

300 200

100

0 0

200

- \$600 in interest revenue
- Low spend
- Sensitive to APR
- Average line captures balance