

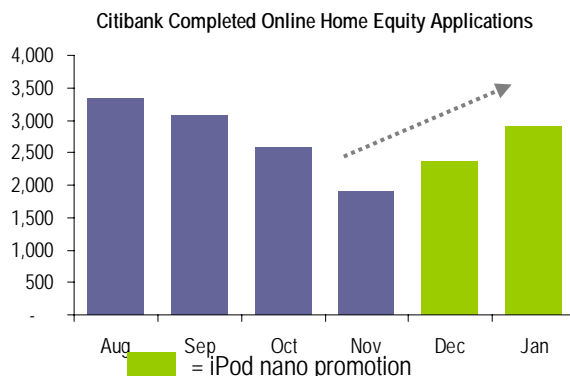
## FINANCIAL SERVICES ADVISOR™

Monthly insights from Compete for financial services executives

### RATES BEAT IPOD AT DRIVING HOME EQUITY APPLICATIONS

Citibank averted a seasonal decline in home loans at the end of 2005 by advertising its **iPod nano home equity offer** on the Internet. Over 50% of Citibank online home equity prospects in December and January saw the iPod nano offer, which was featured on the bank's home page. Consumers had the option of either receiving an iPod nano for closing a home equity loan with the bank, or getting an attractive "nano rate". The 'nano rate' is a three-month introductory offer with a variable rate as low as 4.74%, a one-third reduction from the stated variable APR of 7.00%. So how effective is this program, which has been extended until the end of March with slightly higher rates?

By launching this campaign in December, Citibank was one of the few lenders among its peers to see an **increase in applicants** during the December seasonal low. Moreover, its home equity applications continued to rise in January, and reached their best pace since September 2005.



The **nano rate has been more effective at engaging consumers**. Nearly 4% of consumers who saw the rate offer completed an online application compared to less than 1% of those who saw the iPod nano offer and submitted an application.

Understanding the effectiveness of promotional campaigns as they occur is pivotal for planning. Compete helps clients better understand consumer motivations and predict their behaviors to improve the results of future marketing campaigns.

### SOMETIMES A SITE REDESIGN CAN GO IN THE WRONG DIRECTION

In January, Chrysler Financial released a re-designed online auto finance application. The new application is more attractive and gives consumers better visibility into the steps involved in submitting an online application. The percentage of consumers who started and ultimately submitted applications, however, has decreased by 35% following the redesign.

Unfortunately, Chrysler introduced a longer credit application during a time when auto finance sites typically experience a seasonal increase in consumer volume and applications (the first quarter). Chrysler's original application process involved three input steps for consumers. The re-designed application has five steps – each having its own tab – which appears to lengthen the overall application process.

Chrysler and other financial service providers need to compare application performance across the competitive market, identifying best practices to improve online applications. Setting clear consumer expectations regarding how long the application process will take is one important standard.

Compete's financial intelligence and targeting services measure application, enrollment and cross-sell opportunities across deposit, lending, investing and insurance business lines to help marketers hone strategies and deepen customer relationships.

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