

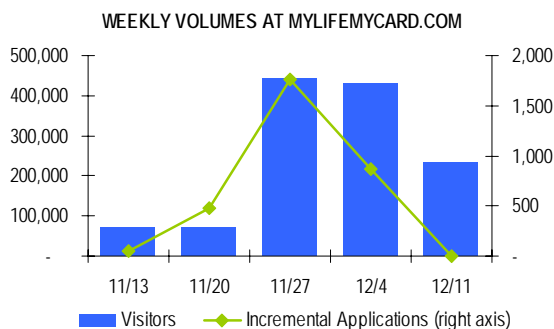
FINANCIAL SERVICES ADVISOR™

Monthly insights from Compete for financial services executives

AMERICAN EXPRESS "WISH LIST" PROMOTION ATTRACTS FEW CARDMEMBERS

In November, American Express announced that it would be selling select luxury holiday gifts at heavily discounted prices from November 21 through December 16 at mylifemycard.com. Examples of available gifts included a Panasonic plasma TV for \$750, a Range Rover Sport for \$5,000 and a private jet experience from Bombardier for \$3,000. Each item was available for a single day, only to American Express cardmembers, in limited quantities.

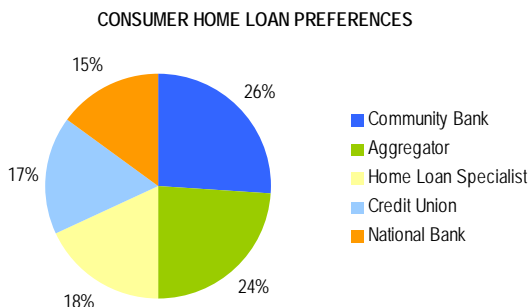
Compete analyzed online traffic to the promotional site to determine how effective the company was at marketing to its existing base and also how well the promotion worked at attracting new customers to the American Express brand. Visits to mylifemycard.com soared many-fold during the second week of the program, reaching a high of close to 450,000. Incremental applications received during that week peaked at about 1,800, or about 5% of all American Express credit card online applications for the week.



During the five weeks beginning November 13, less than 1% of those who logged into their American Express credit card account also visited the mylifemycard.com promotional site. This suggests that few American Express cardmembers were aware of the promotion and many of the visitors to the promotional site were not eligible to be awarded a prize from the program. Bottom line, the holiday promotion did succeed in increasing new prospect traffic to mylifecard.com, but probably missed an opportunity to capture interest from many existing online cardmembers.

AGGREGATORS' DOMINANCE IN HOME EQUITY EXPECTED TO CONTINUE IN 2006

Lending aggregators dominated the online home equity market in 2005; a trend expected to continue in 2006. On average, between 20,000 and 35,000 home equity lead forms were submitted monthly on aggregators' websites. Top national retail banks each captured only a small fraction of that volume.



Results from a recent Compete survey of over 1,800 online home loan shoppers confirmed that aggregators not only have strong consumer brand awareness, but also are favored over national banks, credit unions and home loan specialists.

When asked at which type of provider they would prefer to shop for a loan, 24% of respondents selected "a provider who gets you multiple offers, such as LendingTree." Among respondents, 17%

picked a credit union, and 15% picked a national bank "such as Bank of America or Wells Fargo." In the end, however, home loan consumers still want to deal with someone they know in their community: Approximately one in four respondents selected "a local bank, such as one in your home town" as the place where they'd prefer to apply for a home loan. In 2006, we expect to see consumers continuing to balance their desire to receive the best deal with the "in-person" trust provided by contact with a local representative. To the extent that community banks can succeed in demonstrating they match the value that consumers perceive they receive at an aggregator, they will become even tougher home loan competitors.

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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