



Key Basic Line of Credit

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Summary

The Consumer Credit Product Management Team along with internal partners launched the Key Basic Line of Credit (KBCL) in August 2011. The KBCL account is an example of Key's commitment to support the borrowing needs of the communities we serve. Timing of the launch proved to be fortuitous - the economic downturn created personal financial challenges for our clients and the regulatory front began to experience change.

Consumer Credit Product Management focused on:

- (1) Client interactions must be transparent and easy. As borrowers continue to seek products to meet their financial goals, we must create an easy to understand and easy to use product. Key took steps to create sales collateral, sales training, and simple to follow checklists to set expectations which improved the in person and online/mobile experience.
- (2) We will be compliant. The regulatory environment is one where the decision is clear. Be compliant. Key continues to address all regulations relative to unsecured lending and ensures all new guidance is addressed timely, and meets all internal standards for governance, risk and compliance.
- (3) Do not create a cycle of dependency. Borrowers have both traditional and non traditional lenders available to meet their borrowing needs. At the time of launch both payday lenders and deposit advance programs were available in the market. Today payday lenders remain. Key desired a product that met the needs of the borrower while ensuring the line balance would be paid in full without creating a dependency to meet needs in the future.

What did we launch? **An unsecured revolving credit line that provides instant access to available funds when short term financing is needed. KeyBasic also offers overdraft protection for a KeyBank checking account, with the exception of Hassle Free checking (fna Access Checking).**



Structure

Rate Options	Variable Rate
Minimum Credit Line	\$250
Maximum Credit Line	\$5,000
Index	Prime Rate as published in the <i>Wall Street Journal</i> "Money Rates" table.
Rate Cap	25%
Interest Rate Adjustment Frequency	Daily
Minimum Payment	Greater of 1/60 Principal + Interest + Fees + any past due amounts or amounts in excess of the credit limit, or \$20 which ever is greater.
Minimum Advance	\$20.00 minimum for automatic advances that cover an overdraft on a KeyBank Checking Account. Otherwise there are no minimum advance restrictions for advances originating from other sources.
Annual Fee	\$25.00
Overdraft Advance Fee	The Overdraft Advance Fee equals 10% of the Advance amount, not to exceed \$10. Overdraft Advance Fee will be assessed each day and systematically covers an overdraft on a KeyBank checking account. Total Overdraft Advance fees capped at \$100.00 per billing cycle.
Late Fee	If the minimum payment due is not received within five (5) days after the payment due date, a Late Fee will be charged.
Returned Item Fee	If any payment is returned unpaid for any reason, a Returned Item Fee will be charged. The Returned Item Fee is up to \$35.00



Portfolio

5300 + units currently open

\$5.9 million in commitments/\$3.4 million outstanding (58% utilization)

77% of accounts have a balance with avg balance of \$826.00

Revenue:

54.4% spread revenue

11.9% annual fees

23.7% late fees

10% advance fees (OD coverage)

Repayment methods:

	<u>January 2012</u>	<u>August 2014</u>
Branch	11.3%	8.4%
Electronic	28.4%	33.5%
Other	60.3%	58.2%

2014 Overdraft vs. Non-Overdraft advances: levied once per day at end of processing

22% of advances drawn for overdraft advances

26% of advances drawn for non-overdraft advances

Non-overdraft dollars advanced are double overdraft dollars



Enhancements

Since Inception:

Pre-approval during checking account opening

Increased upper credit limit from \$1500 to \$5000

Introduced new scorecard - works with length of time in bureau

Future:

Increase limits for existing users

Review alternative credit products with clients

Financial Wellness Score

