

OMNI-ANALYTICS

Bringing clarity to customer behavior

Abstract

Bank products are most profitable when they are directly aligned with customer behavior. That alignment can prove to be difficult without the right data and proper analysis.

Omni-analytics uses multiple data sources and advanced analytics to produce a robust view of every banking customer. Insight, drawn from this analysis, empowers executives to update old and develop new products and promotions that correlate directly to customer traits, habits, impulses and characteristics.

by
Craig Sherrett
Marketing Manager

Bank executives use big data analytics to discover revenue generating tactics, manage losses, support company budgets and reinforce financial projections. Globally, almost all bank data exist in product silos. Business decisions based on single silo data only affect products in that silo and may adversely impact other sectors of the business. Good decisions based on one set of data may be sub-optimal for the overall financial well-being of the customer and the bank. Omni-analytics improves the decision making process enabling banks to effectively and efficiently increase activity at concentrated points across the entire bank customer life-cycle.

DATA SOURCE

Omni-analytics principally uses multiple types of customer data containing account, demographic and contact information. The depth and breadth of data in these sets is vast and spans across a broad product platform. Yet most business decisions are based only on a portion of the account data - the Master File. Even worse, these decisions are usually made from the Master File of only one product silo.

Figure 1 - Data sources available for analysis.

Data Relationship Breadth by Product Types			
Data Type	Account Data	Demographic Data	Contact Data
Vehicle	Master File Origination Data Transaction Data	Trade Data/Inquiry Address & Telephone Address Changes	Web usage, IVR, Mobile, Telephone, Collections, Mail Chat/Social Media
Deposit	Master File Origination Data Transaction Data	Trade Data/Inquiry Address & Telephone Address Changes	Web usage, IVR, Mobile, Telephone, Collections, Mail Chat/Social Media
Debit Card	Master File Origination Data Transaction Data	Trade Data/Inquiry Address & Telephone Address Changes	Web usage, IVR, Mobile, Telephone, Collections, Mail Chat/Social Media
Credit Card	Master File Origination Data Transaction Data	Trade Data/Inquiry Address & Telephone Address Changes	Web usage, IVR, Mobile, Telephone, Collections, Mail Chat/Social Media
Personal Loans	Master File Origination Data Transaction Data	Trade Data/Inquiry Address & Telephone Address Changes	Web usage, IVR, Mobile, Telephone, Collections, Mail Chat/Social Media
Mortgage	Master File Origination Data Transaction Data	Trade Data/Inquiry Address & Telephone Address Changes	Web usage, IVR, Mobile, Telephone, Collections, Mail Chat/Social Media

TEXT = Source of most customer decision input.

ACCOUNT DATA

Along with the Master File, the bank's account data includes origination and transaction information. The Master File is structured data comprised of the customers' payment and summary purchase history. It shows how much a customer spent over a period of time and the amount they paid the bank for products and services. The origination data contains information about how the account was established and when it originated. The transaction data lists the items a customer purchased over time and the amount they paid for each of those products or services.

DEMOGRAPHIC DATA

The bank's demographic database contains the name and address of each customer. It also maintains records of the customer name and address changes over time. Some demographic data may associate each customer to external data from government research or private market studies. This demographic data are typically based on socioeconomic factors and helps to create some customer segmentation.

CONTACT DATA

The third data type used in Omni-analytics is contact information. These data sets are usually unstructured and includes a history of interactions between the bank and customer. These interactions include collection calls, web usage, chat and social media engagement, mail response, and Interactive Voice Response ("IVR"), mobile device and telephone communications.

Account, demographic and contact data exist across multiple product silos. Data from vehicle loans, deposits, debit cards, credit cards, personal loans and mortgages all contain data specific to each product. Omni-analytics uses all of these data to create clear foresight into the bank's business and deliver integrated solutions to bring that foresight to reality.

Figure 2 - Omni-analytics uses all data sources to support decisions.

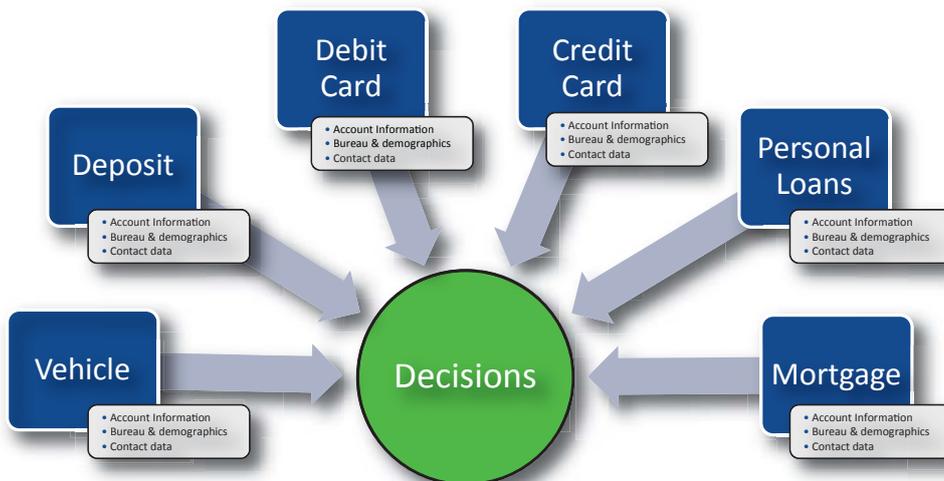
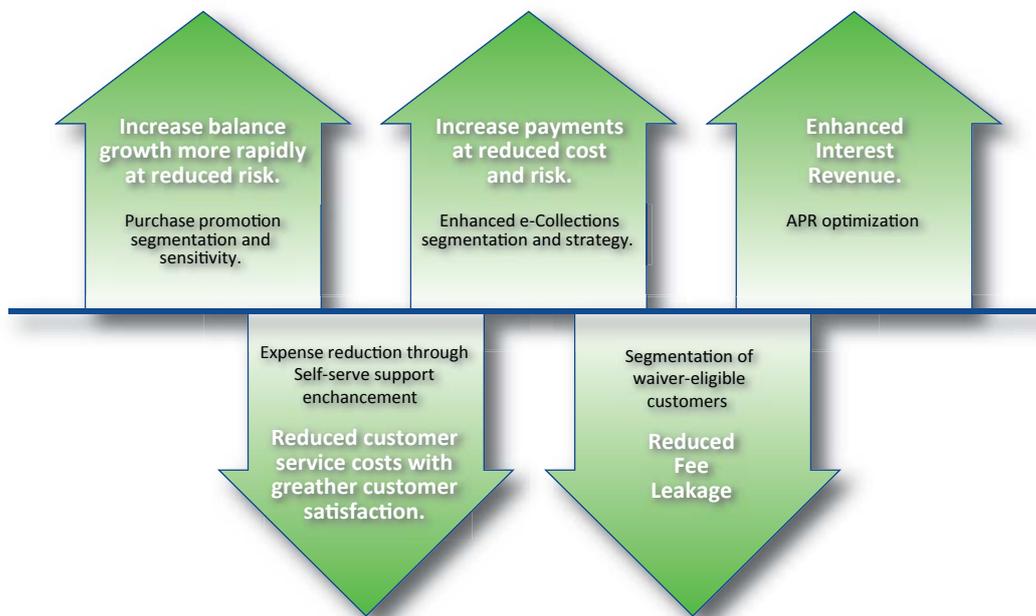


Figure 3 - Multiple integrated results from Omni-analytics.



RESULTS

Not only will Omni-analytics help a bank achieve future goals, it can deliver more immediate results as well. It produces multiple integrated results including rapid balance growth, greater customer satisfaction, increased on-time payments, enhanced interest revenue and less fee leakage. Even more important because of the very nature of Omni-analytics, these results are delivered at a lower cost with less risk.

Rapid Balance Growth

To quickly increase balance growth, Omni-analytics uses promotional segmentation and sensitivity analysis. Promotional segmentation answers some questions about a customer's purchasing preferences.

- *Where do they shop?*
- *What products and services do they buy?*
- *How often do they buy these items?*

A sensitivity analysis identifies influences that change a customer's purchasing behavior. Often, these reviews help identify what types of influences *WON'T* invoke a customer response. This knowledge is vital to maximizing the return on marketing dollars by reducing wasted promotional currency.

Results from the segmentation and sensitivity analysis lead to the creation of Customer Purchasing Profiles. These profiles focus on different buying habits of various segmented customers. The profiles delve into every aspect of the buying process answering a number of questions regarding customer purchases.

- *How do they use certain products?*
- *What do they buy predominantly?*
- *What offers will entice a customer to buy more?*
- *What contact channel is preferred?*

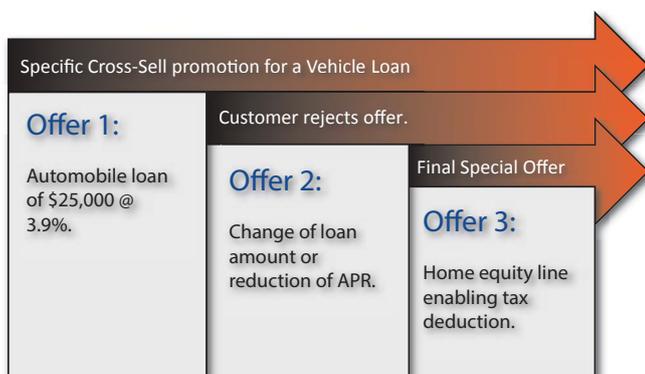
Customer Purchasing Profiles delve into the buying habits of various customer segments.

Leveraging information from the Customer Purchasing Profiles, bank executives begin to build a product life-cycle promotion stream – a collection of offers where the message and timing is structured for maximum revenue and profit. The offers are built on the information derived from past transactions and focus on triggering the purchases of specific types of bank products and services.

Included in the promotion stream are offer hierarchies or sequential offers where promotions are based on a customer’s previous bank interactions. With an Offer Hierarchy, the customer may never face the same information twice. Whether they interact with the bank on-line, in branch or through a mobile device, the customer offer sequentially builds on the information and feedback from previous interactions.

Successful offers lead to targeted promotions where strong call-to-action statements encourage new bank-customer interactions. This improved relationship will give customers reason to use bank products more profitably building higher balance levels from transfers, cash advance receivables and key partner promotions.

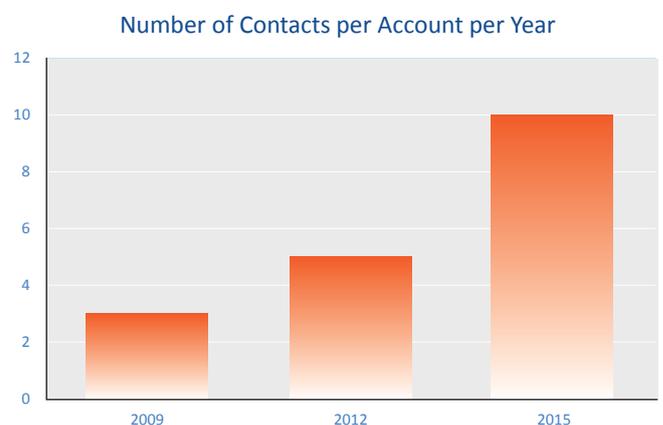
Figure 4 - Offer Hierarchy example



REDUCED CUSTOMER SERVICE COSTS

Another integrated result from Omni-analytics is reduced customer service costs with greater customer satisfaction. A trend in the financial services industry is an overall increase in customer contact activity. In fact, with changing communication channel preferences and instant communications, customer-driven contact volumes have tripled in the last six years. This increase does not come without considerable cost, especially in areas involving direct representative engagement.

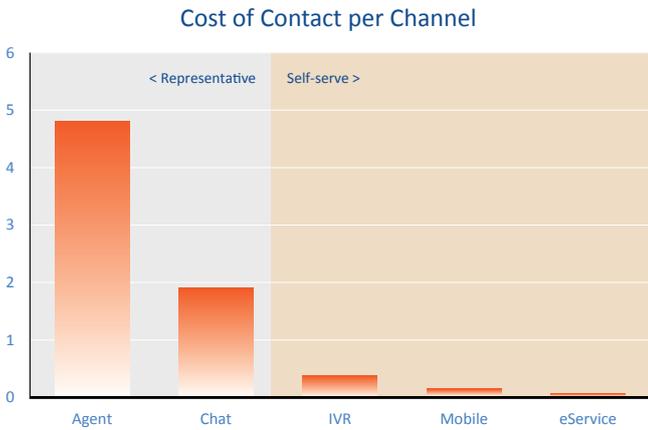
Figure 5 - Increasing customer-driven contact increasing.



In essence, there are two basic customer contact channels – representative and self-serve. The representative channel uses a live person to interact with the customer and includes telephone calls, branch visits and on-line chats. The self-serve channel incorporates self-help processes and technology operated independently of direct human contact. The self-serve channel includes ATM’s, IVR, text messaging and web connections through smart devices, mobile phones, laptops and computers.

As simpler tasks are driven to self-help processes, operator handled calls have become increasingly more complex. While the Internet usage, text messaging, mobile applications and other forms of communication have rapidly grown, customers have come to expect certain bank interactions

Figure 6 - Comparison of representative and self-serve channels.

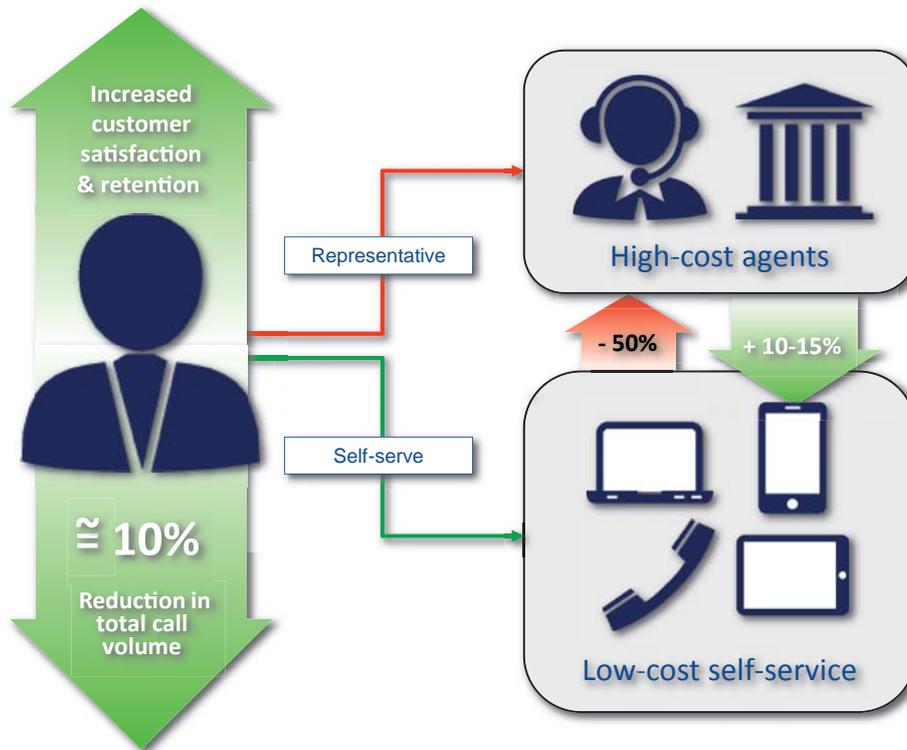


to be self-serving. In fact, many bank customers prefer this channel over the traditional direct interaction. Yet at least 10 to 15 percent of current inbound call volumes can be enabled in the mobile, web or IVR self-help environment.

A reason for this apparent disconnect, is the lack of continuity and connectivity between product silos and communication channels. Twenty to twenty-five percent of all representative handled calls begin on a mobile device or web page. Unable to satisfy all the customer’s needs, the once self-serve process quickly turns to representative interactions leading to increased costs and lower satisfaction ratings. Even worse, some self-help processes require the customer to move to a phone, pass through the IVR and end up eventually with a representative.

If the customer has the ability to solve their issue at the first point of contact, redirected call volumes can fall by 50%. Omni-analytics identifies these customer care anomalies and can evaluate proposed changes for their effectiveness. These efforts all result in reducing customer frustration which in turn improves customer retention, account balances and profitability.

Figure 7 - Multiple integrated results from Omni-analytics.



LOWER CUSTOMER DELINQUENCY VOLUME

Another of the many benefits of Omni-analytics is reduced delinquency volume through e-service collections. From the analysis made in reducing customer service costs, Omni-analytics identifies the customers preferred channel of communication. For merchandise disputes, statement reconciliations and payment/deposit timing typically involving a phone call, the bank can identify low-risk, low-delinquency customers and communicate with them through their preferred channel. Studies show that identifying these consumers and reaching them with a serviceable (payment enabled) email and or text message is not only cheaper, but more effective in retrieving a payment and reducing both involuntary and voluntary attrition 18 months later.

ENHANCED INTEREST REVENUE

Enhanced interest and fee revenue is another benefit brought to bear through Omni-analytics. From prior data analysis, APR optimization procedures are developed based on customer credit quality and rate of threshold dynamics. Customer credit quality is determined by identifying customers most likely to become revolvers at various interest rate thresholds. These customers are encouraged to build quality balances through aggressive and targeted term promotions.

These promotions are developed with the aid of dynamic rate threshold analysis. Though counter intuitive, there are actually thresholds where lowering the APR will result in lower balances. A price sensitivity/demand curve based on the bank's customer balance build and payment characteristics shows rates where customers are likely to become revolvers. The curve helps decisions makers visualize these thresholds and determine what rate will achieve optimal results.

Figure 8 - E-Collections reduces costs.

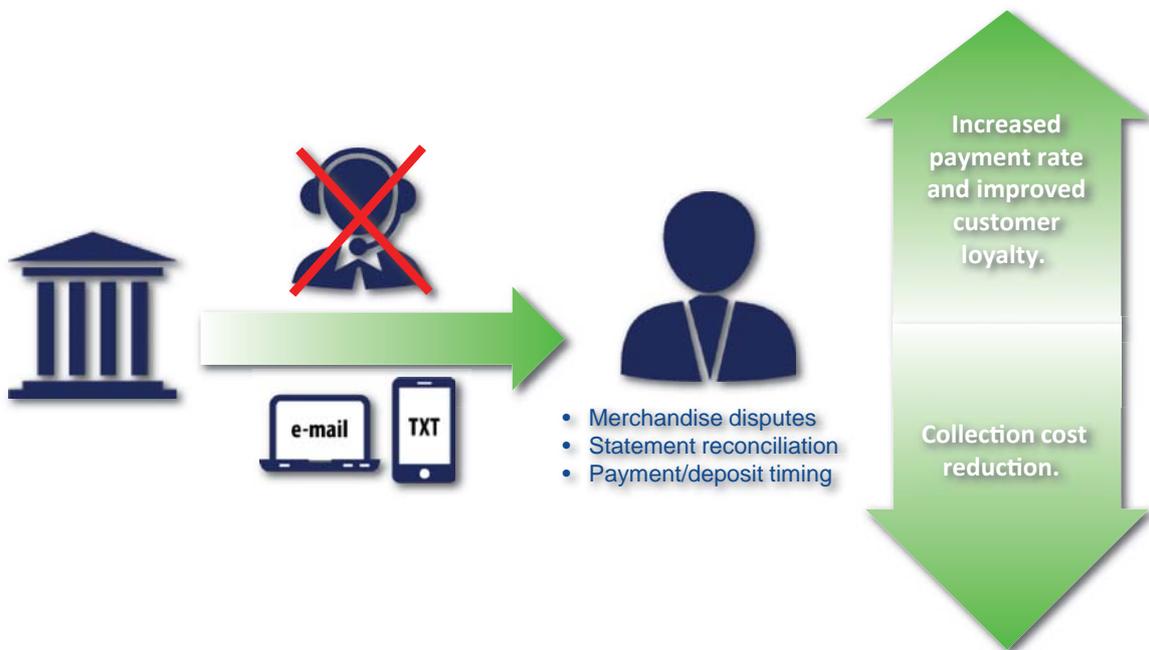
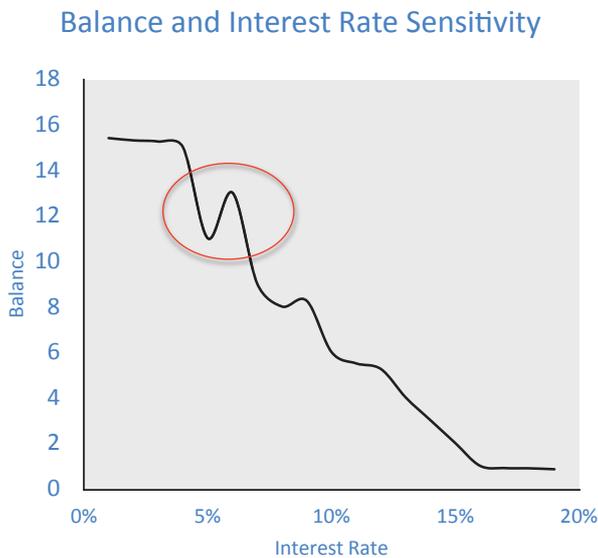


Figure 9 - Sample sensitivity curve.



REDUCED FEE LEAKAGE

Finally, Omni-analytics can help any bank improve fee revenue. Through revenue enhancement techniques, banks can quickly analyze bank interactions across the entire customer base and identify fees to selectively charge or waive. Using pricing and fee models and customer segmented testing, decisions can quickly be tested for maximum impact. Once determined, fee promotions can be used in a more targeted manner to attract new customers and improve current customer retention rates.

To reduce fee leakage, Omni-analytics ensures banks are collecting all fees currently in place. Using advanced revenue assurance techniques, a bank can quickly discover the root causes of leakage and suggest methods and procedures to permanently reduce the flow. Combined with revenue enhancement, the reduction of leakage results in reduced collection costs and increased fee revenue.

Figure 10 - The power of Omni-analytics.



Omni-analytics creates a full view of current and predictive customer behaviors. It enhances customer profitability through profit and product penetration delivering the right offer, at the right time and through the preferred channel. By delivering information customers want, how they want it and when they want it, a bank can quickly gain a loyal following and interact with each customer in a unique and timely manner. This intimate and personal relationship helps executives make the right decisions for continuous improvements customer profitability and loyalty.

Our customized solutions go right to your bottom line

Our revenue enhancement and cost savings opportunities are guaranteed to improve your bottom line. In no time, these opportunities become self-funding from the infinite benefits they deliver.

Our customized solutions are yours

We develop a broad array of solutions to address your specific needs and customize them to your specific business climate. We work with you to implement these new ideas and instill them as best practices into your organization's culture.

Our customized solutions are highly transparent

We are sensitive to your current clients and prospects. Our cost saving and revenue enhancement programs help you better understand not only your operations, but your market and customer base.

Our engagements are quick, quiet & efficient

Our engagement teams are small and operate quickly without disrupting your daily operations. They require little of your internal resources and work as part of your team in a collaborative approach.

INSIGHT
360

Our holistic approach to finding your financial opportunities.



Infinite Self-Funding
Opportunities

40•6•40

YEARS • CONTINENTS • SBILLION

For over *forty* years, our customers on *six* continents, have realized over *forty* billion dollars of incremental financial opportunity!



249 Williamson Road • Suite 200 • Mooresville • North Carolina • USA • 28117
866.261.6226 • +1.704.896.5230 • www.profitinsight.com