

Boosting The Profits Through Analytics

Business Problem

Client, one of the leading banks in Turkey, has over 10m retail customers, and is reputed to be technologically very advanced. Client offers excellent services, has the best technology possible, but the competition is fierce. Customers are lost to the competition. Marketing is very traditional relying on mass marketing strategies.

Business Solution

A three-threaded solution has been put to life:

- 1 The product penetration (which is the key predictor of every important banking KPI) was less than two(2) per customer. The *Sales Effectiveness Program* has been instituted to increase the *active product per customer* figure. The bank had invested significantly in its data. Target customers for a specific product were selected via predictive modelling and high-precision event-based-rules. Offers were made at branches, call-center and online banking channels.
- 2 1% of customer base was being lost each month to competition. The *Attrition Management Program* was instituted with the goals of predicting customer attrition and preventing it with pre-emptive strategies. Predictive Modelling coupled with Strategy Optimization has provided the analytical foundation.
- 3 Retention of lost customers is more profitable than gaining afresh customers. The *Retention Program* determines who will respond to which retention strategy by a mix of Response Models and Strategy optimization.

Business Results

The program was wildly succesfull. In fact, it has become the rasion d'etre of every ensuing intelligence initiative at the bank. In two years, *active product per customer* has increased to 3.5. Attrition rate has been cut by 43% . Retention rate has increased by almost three-folds. Average life-time of customers has been extended by 30%. The program is alive, and currently responsible for ~20m business decisions per month.

Intelligence

A suite of analytical models are at work: *Purchase Likelihood Models* estimate the likelihood of purchasing a product/service in near future. *Volume Models* estimate the size of a purchase once customer decides on the purchase. *Predictive Attrition Models* estimate the likelihood of defection. *Win-back Models* estimate the take-up probability of a retention offer. *Event Based Rules* are high precision rules that fire when high-frequency customer events happen.

Speed

Modeling/scoring are refreshed on a monthly basis. Event-based rules fire in real-time.

Scale

>300 predictive models, > 1000 event-based rules.

Automation

Model update and scoring are fully automated.

Adaptivity

Model update is adaptive on a monthly scale.