

Growing Revenue by Aligning Customers with the Right Service Level

Bank Generates \$700 Million in New Revenue

Challenge: Determining the Right Service Level for Existing Customers

Customer service is a critical part of lifecycle management for financial services firms. The experiences that a customer has with a bank may have a significant impact on his or her long-term satisfaction, which can affect the ability of the firm to retain the household and maximize lifetime value. It is critical that banks assign customers to the most appropriate service channel, as well as have a good understanding of the customers' financial services needs.

Today, many banks place customers into various service levels based on internal data or demographic data, which may provide an incomplete or inaccurate view of the customer and is particularly limited in describing customers' growth potential and asset allocation.

This limited view results in lost opportunities and over-servicing:

- **Lost opportunities:** Some customers may have significant asset growth potential, yet they are assigned to mass market service channels. This could result in the household not getting a full view of all the relevant services the firm has available for them and reduced customer satisfaction which could, in turn, limit future relations with the bank.
- **Over-servicing:** There may be customers with small amounts of wealth that are incorrectly assigned to a premium, high-touch service channel resulting in increased costs to the bank. At the same time, the products and services offered by the premium channel may not be appropriate for these customers, leading to customer alienation if they do not qualify for these premium offers.

As a result of this limited view of the customer, clients may be under-serviced or over-serviced, and the bank's ability to determine and meet the needs of its clients is tested.

IXI™ Network Member Financial Services Firm

CHALLENGE

A leading bank was having a difficult time determining the growth potential of existing customers; thus customers were not being assigned to the most appropriate service channels.

SOLUTION

The bank used WealthComplete to identify the growth potential of their existing customers and then used that knowledge to determine appropriate service strategies.

RESULTS

By using WealthComplete, the bank was able to:

- Reverse negative revenue growth of -0.5% to 1.7%
- Realign customers with the right service levels, resulting in over \$700 million in new revenue



Solution: Identify Opportunity and Share of Wallet to Determine the Most Appropriate Service Channel

In order to gain a more complete view of customers and improve customer service, banks can combine their internal data with leading measures of household total investable assets and product portfolio allocation data to better understand customer potential and share of wallet.

WealthComplete® provides estimates of total assets at the household level, as well as estimates of the total assets held in a variety of product categories, including deposits.

A leading U.S. bank used WealthComplete to understand the total wallet growth potential of its customers and then incorporated this knowledge into its strategy to reassign customers to the most appropriate service level.

ZIP+4	ASSETS				DEPOSITS				Internal Data	Reassign to Premium Channel?
	Bank Assets	Wealth-Complete Total Assets	Bank Share of Total	Total Growth Potential	Bank Deposits	Wealth-Complete Total Deposits	Bank Share of Deposits	Deposit Growth Potential		
12345-1001	\$40,890	\$198,209	21%	\$157,319	\$3,000	\$42,124	7%	\$39,124	Plus firm additional data and modeling	Yes
12345-4567	\$15,670	\$45,000	35%	\$29,330	\$19,080	\$42,124	76%	\$6,020		No
12345-1003	\$10,050	\$203,085	5%	\$193,035	\$500	\$45,000	1%	\$44,500		Yes
12345-4569	\$180,560	\$325,455	55%	\$144,895	\$42,000	\$50,000	84%	\$8,000		No
12345-2334	\$180,560	\$88,550	17%	\$73,520	\$5,000	\$15,440	32%	\$10,440		No

Figure 1: Sample analysis to evaluate reassignment of customers to premium service channel

The bank incorporated the WealthComplete data into two models, the first to identify customers that are likely to be affluent and a second to find customers with significant growth potential.

Customers who were likely to be affluent or who had significant growth potential were placed in the premium, high-touch service channel. These customers received a welcome call from their new account representative, product information via several channels including mail and internet, and a follow-up call several weeks later. The other customers remained at the standard service level.

Results: Reassigning Customers to the Right Service Channel Generates Over \$700 Million in New Revenue

The additional knowledge garnered from WealthComplete enabled the bank to reassign 17% of its existing customers to the premium service channel based on the customers' likelihood to be affluent or the customers' likely growth potential, and the firm's existing share of wallet with the customers.



In the years leading up to this project, the bank experienced declining revenues from these customers. By enhancing the data used in the customer alignment process, the bank was able to reverse its negative revenue trend from -0.5% to an impressive gain in revenue growth of over 1.7% in a four month period. This increased revenue by over \$700 million. In addition, realigned customers increased their balance with the bank on average by over \$1,200 in the four month timeframe.

METRIC	RESULTS
Percent of customers realigned	17%
Average increase in account balance	\$1,200
Average percent increase in account balance	12.3%
Increase in revenue	\$700 million
Revenue trend to service realigned customers	Changed from -0.5% to 1.7%
ROI	Over 500%

The bank was able to improve its customer service for high value customers and expects that customer satisfaction will improve as well. The bank incorporates WealthComplete data throughout the customer lifecycle to continuously reevaluate service levels and assign customers to the right treatment groups for marketing promotions.

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2009 Case Study. Results may vary based on actual data and situation.