

## Expanding book size through Cross sell programs

*Fractal enables a young dynamic bank grow its asset book through effective cross sell program*

### SUMMARY

#### Client

A young aggressively growing bank, with a clear vision to be the top credit lending institutions and most preferred banking institution

#### Challenge

To help bank increase the book-size of the asset portfolio through cross-sell in a profitable manner

#### Solution

Fractal's predictive analytics and decision support solutions for cross-sell

#### Result

Response rate increased dramatically

For meeting this challenge, the bank retained Fractal's expertise in order to develop & manage the cross-sell program.

#### The Business Case

It is always important to talk with customers on their terms & not yours. So, by figuring out what the customers really need, one can sell the products that are right for them and economical for the bank. If products are crosssold only when customers need them, their satisfaction rises and so does employee moral.

Keeping the above in mind, Fractal built a predictive response model that depicts the likelihood of a customer's response to a personal loan offer. This way the bank was able to leverage the existing relationship with the liability customers in a cost-effective & efficient manner. The model also gave way to shift towards a need-based pricing methodology where in you can price the offered product optimally in a customized way so as to maximize the returns per customer. Fractal also explored the possibility of establishing an alternate channel for product distribution. We suggested direct mail channel for acquiring Personal Loan customers as most effective in terms of savings & response rate.

For analyzing the response behavior, hypotheses relating to the predictor variables across different dimensions (such as credit need, credit awareness, type of customer & involvement) were generated & then tested using sophisticated predictive modeling techniques. The built model was based on the results of a test campaign that was run on a few customers across different asset centers.

#### The Business challenge

A young & aggressive Indian bank was faced with the problem of slow down in the growth of the book size. In order to expand the shrinking asset book-size, the bank was running campaigns to target their existing liability customer base for cross-selling personal loans. The existing customer base consisted of the liability accounts that included savings & current accounts. The response rate to these cross-sell campaigns was very low and at the same time, the budgets allocated for running such campaigns were also limited in terms of the size & nature.

## ■ Result

The logistics of the DM channel have been finalized & is being implemented at the bank. The model has helped in saving humongous amount of money in mailing & follow up costs. A mechanism that automatically prioritizes the channel to be used for the campaign & customers to be included therein has been in place.

Response rate of 3.7% & conversion rate of 3.3% (Conversion ratio of more than 90%) has been achieved. The model gave a lift of 105% in comparison with random campaign.

## ➤ About Fractal

*Fractal is a leading provider of customer analytics to consumer banks, credit card issuers, CPG companies and telecom companies.*

*Fractal's analytical solutions have helped companies across the globe enhance profitability by powering their customer management efforts with scientific decision making.*



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